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Russian economy

Bullish bankers seem ahead of the game

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Europe's bosses

Still slow to embrace the Net

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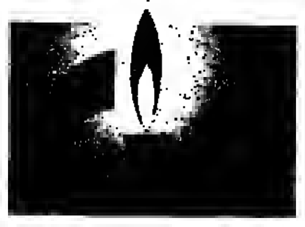

Gazprom

Could be a dream for arbitrageurs

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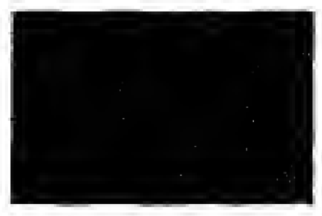

Albania

Turmoil after period of hope

Survey, separate section

World Business Newspaper http://www.FT.com WEDNESDAY FEBRUARY 19 1997

Santer acts to avert clash over handling of BSE

European Commission president Jacques Santer promised "revolutionary" reforms in agriculture and food policy in an effort to avert a clash with the European Parliament over Brussels' handling of BSE or mad cow disease. Facing a censure motion in the European assembly, he promised to work towards giving greater priority to health protection. He blamed Britain for the "mad cow" crisis but admitted Europe's agricultural system had played a role. Page 14

UK insurers split on gene tests: Fewer people are likely to be asked for tha results of genetic tests when buying life assurance from British companies following a split between some of the biggest insurers and smaller rivals. Page 10; Genetic research 'threatens liberty', Page 4; Editorial Comment, Page 13

Hotels deal: US hotels group Marriott International is pay $1bn for Netherlands-based Renaissance Hotel Group, onthidding its rival Doubletree in a deal that will more than double Marriott group's presence outside the US. Page 15

Strike hits Opel workers: Adam Opel, German unit of US carmaker General Motors, said some 20,000 of its workers were being affected by the Spanish truckers' strike, which has prevented delivery of parts from suppliers. Strike halts VW output, Page 2

33 die in Algerian raid: Suspected Moslem guerrillas killed 33 villagers, including eight women and two children, in a night raid at a hamlet near tha garrison town of Blida, an Algerian newspaper reported.

Japanese held in Lebanon: Lebanese security forces are questioning several Japanese citizens arrested on suspicion of belonging to the Red Army guerrilla group, foreign minister Faris Bouez said. In Japan, prima minister Ryutaro Hashimoto said those arrested included a gunman involved in the 1972 Lod airport massacre in Israel.

Banker on laundering charges: Swiss banker Josef Oberholzer, a former vice-director of the Union Bank of Switzerland, appeared before a Zurich court charged with laundering $162m of drug proceeds when he handled the account of a Colombian couple.

Viasa's future in doubt: Venezuelan airline Viasa faces the prospect of going under because the state privatisation agency, which has a 40 per cent stake, ruled out further cash injections and is recommending the carrier be closed. Viasa's main shareholder is Spanish state carrier Iberia. Page 15

Finns on target: Finland's gross public debt is expected to rise slightly this year but the country expects to meet the conditions for joining the proposed single European currency. Page 3

Businessman 'freed': Italian businessman Danilo Conta, kidnapped by Colombian guerrillas last August, was freed on Monday night and was back in the capital, Bogota, the foreign ministry said. Rebels often kidnap for ransom, and foreigners are popular targets.

Seoul insurance move: Hyundai, LG and Daewoo, South Korea's biggest conglomerates, will be allowed to enter the debt-ridden life insurance sector provided they take over at least one of the 17 domestic insurance firms that are considered technically insolvent, the ministry of finance and economy said. Page 15

Korea defection crisis: Pyongyang appeared to back off from its demand for the return of Hwang Jong-yop, a top adviser to North Korea's leader, declaring that "if he sought asylum, it means he is a renegade and is dismissed". It had earlier said Mr Hwang was abducted. Page 6

Divorce Iranian-style: An Iranian has filed for divorce after just 40 days of marriage, claiming his wife drugged him with sleeping pills to keep him from discovering that she snores.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6,993.57	(+4.61)
NASDAQ Composite	1,362.95	(-4.24)
Europe and Far East		
CAC40	2,617.52	(-16.96)
DAX	3,276.16	(+43.59)
FTSE 100	4,332.3	(-5.5)
Nikkei	18,470.75	(-279.90)

US LUNCHTIME RATES

Federal Funds	$5\frac{7}{16}$%
3-mth Treas Bills: Yld	5.10%
Long Bond	$101\frac{1}{16}$
Yield	6.55%

OTHER RATES

UK: 3-mo Interbank	$6\frac{1}{16}$%	(same)
UK: 10 yr Gilt	$102\frac{3}{32}$	($102\frac{1}{32}$)
France: 10 yr OAT	108.89	(108.70)
Germany: 10 yr Bund	103.84	(103.75)
Japan: 10 yr JGB	104.3999	(104.272)

NORTH SEA OIL (Argus)

Brent Dated	$20.65	(20.51)

GOLD

New York: Comex (Feb) $347.50 (346.40)

London: close $345.25 (345.85)

DOLLAR

New York: lunchtime		
£	1.6045	
DM	1.68685	
FFr	5.7032	
SFr	1.47415	
Y	124.035	
London:		
£	1.6015	(1.6168)
DM	1.6914	(1.6862)
FFr	5.7106	(5.690)
SFr	1.4740	(1.4625)
Y	124.10	(124.2)
Tokyo close: Y 124.485		

STERLING

DM 2.7087 (2.7476)

US secretary of state insists alliance expansion talks must finish at year-end

Albright proposes joint Nato-Russia military brigade

By Bruce Clark in Brussels

Nato and Russia should start work immediately on setting up a joint military brigade, *Mrs Madeleina Albright*, the new US sacretary of state, suggested yesterday, in a fresh bid to ease Russian concerns about Nato enlargement.

But she maintained a tough lina on expansion, insisting that entry negotiations with potential new Nato members in central and eastern Europe would be completed by the end of this year.

Russian leaders have given strong warnings in recent weeks that the admission of former Warsaw Pact countries to Nato would constitute a threat to Russia's security.

On her maiden visit to the Brussels headquarters of the 16-member Nato alliance, Mrs Albright set a brisk timetable for the enlargement process, due to be launched at a summit in Madrid in July.

"Our goal should be to complete membership negotiations by the end of this year, so we can sign accession instruments at our meeting in December," she told fellow foreign ministers from the Atlantic alliance.

She aaid this would allow time for enlargement to be debated and ratified by the national parliaments of the 16 existing members in the course of 1998.

Nato has said it hopes to admit some new members – widely expected to include Poland, Hungary and the Czech Republic, and possibly *Slovenia and Romania* – by April 1999.

In an attempt to ease Russian worries, Mrs Albright yesterday reiterated previous suggestions of involving Russian officers in tha planning of some Nato-led peacekeeping operations, and used a carefully crafted formula to describe the scope of future dealings between Moscow and the western bloc.

"We envision a Nato-Russia joint council that would promote a regular dialogue on major security issues, reach concerted decisions wherever possible and seize opportunities for joint action," she said. This formula appeared to be a delicate compromise hetween Russia's stated desire for joint decision-making procedures and the western preference for a looser form of consultation.

Mrs Albright, who is on her first overseas trip to Europe and Asia since being named secretary of state, will be in London today and goes on to Moscow later this week.

In another move intended to reassure Russia, Nato arms control experts agreed this week on a new position which *will be presented formally* to the Vienna talks on conventional forces in Europe (CFE).

The new Nato position, which for the first time clearly accepts the principle of limits on the arsenals of individual countries as well as regions, is likely to be unveiled tomorrow after all 16 Nato governments give their formal approval.

Mrs Tansu Çiller, the Turkish foreign minister, cast a shadow over future expansion of Nato when she again insisted the enlargement of Nato and the EU must go hand in hand. Her stance implies that Turkey could block Nato's expansion if her accession to the EU is frustrated.

Ian Davidson, Page 12
Polish fears, Page 2

Madeleine Albright is welcomed by secretary-general Javier Solana during her visit to Nato AP

VW suspends three following bribery allegations

Carmaker investigating reports as a matter of course

By Haig Simonian and John Griffiths in London

Volkswagen, Europe's biggest carmaker, yesterday said it had suspended three purchasing managers following allegations they had taken bribes from suppliers.

The move comes after allegations in Der Spiegel, the German magazine, that members of VW's purchasing staff were involved in systematic attempts to extract bribes from suppliers over many years.

Executives from soma of Europe's leading components companies yesterday said kickhacks remain entrenched in the motor industry, especially at some German carmakers.

VW said it was also investigating Mr Francisco Garcia Sanz, a board member of its core VW brand responsible for purchasing, after Der Spiegel drew attention to a criminal investigation into his activities during his previous joh at General Motors.

The case against Mr Sanz, who moved to VW in 1993, was dropped. VW said Mr Sanz was not under suspicion, hut was being investigated as a matter of course following the report.

An internal VW communication said the suspensions did not involve bribery allegations hut unidentified "irregularities" in drawing up contracts and recording the dates they took effect.

One of the suspensions involves the manager implicated in allegations of kickbacks linked to a new paint plant installed by ABB, the Swiss-Swedish industrial group, at Skoda, VW's Czech subsidiary.

The two other suspensions, concerning managers at VW's Seat subsidiary in Spain, involve accepting an inflated contract for a paint shop and failing to put out building and packaging contracts to tender.

Motor industry executives said bribes usually arose in connection with large-scale infrastructure projects, such as new factories, where they were relatively easy to hide, rather than on ongoing parts contracts.

However, most said the industry had become appreciahly "cleaner" in recent years dua to the greater transparency demanded by US car producers and the impact of Japanese producers who have set high standards of their European suppliers.

Many said carmakers and suppliers still prefered to hush up corruption hy firing staff found accepting bribes, rather than going to the authorities.

Mr David Herman, chairman of GM's Adam Opel subsidiary, said his company had a policy of always informing criminal investigators in such cases. However, he noted that efforts to prosecute were hampered hy German legislation.

"Unfortunately, the amount of resources allocated to white-collar crime in Germany does not demonstrate sufficient attention to the subject. Nor does the law provide the legal authorities sufficient basis for prosecutions."

Ahmanson bids $6bn for Great Western

By John Authers in New York

H.F. Ahmanson, the largest US thrift yesterday launched a hostila $6bn bid for Great Western Financial, its largest rival in the sector,

The move prompted thoughts that commarcial banks would be drawn into a bidding war for the company.

Both thrifts are based in California, which has seen heavy consolidation of the financial services sector in recent years, and their branch networks overlap.

The combined entity would hold 13 per cent of all deposits in California, ranking it third in the state.

It would have total assets of about $93bn.

Ahmanson's bid is based on huge projected cost savings of at least $400m over the next three years. About 25 per cent of the combined company's branches would be closed.

Mr John Maher, Great Western's chief executive, said directors wanted to "fully review" the proposal hefore publishing a response.

Continued on Page 14
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Aloha burgers aim to take bite out of Big Mac in US

By Justin Marozzi in Manila

Tha Amazing Aloha, conqueror of the Big Mac at home in the Philippines, hopes to win again in a return match in California.

Jollibee, the Philippine fast food chain, yesterday said it planned to take its hamburgers to the US, the most competitive market in the world, as part of a strategy to douhle its international operations.

By catering for the Filipino palate with tha likes of its Regular Yum and Amazing Aloha hurgers, Jollibee has proved it can beat foreign rivals, such as tha usually dominant McDonald's.

Since its beginnings in 1978, Jollibee has emerged as the clear market leader with more than 50 per cent of the Philippine fast food market and three-quarters of its hamburger market.

Jollihee plans to open six stores in California, home to the largest number of Filipinos outside the country.

The US operation will be a joint venture with Westmont, a Philippine group headed by the banker Mr Edgardo Esperitu.

The group also plans to open branches this year elsewhere in the US, as well as Papua New Guinea, Xiamen in southern China, and Saipan, an island in southern Asia.

Mr Gerry Padernal, finance director, said Jollibee's fast food already appealed to non-Filipino customers and would be able to compete in the US, the home of the hamburger.

Jollibee has been expanding abroad hy nsing franchises, what it calls the OPM (other people's money) strategy. It has 10 outlets in the Middle East and 14 in the Asia-Pacific region – in Brunei, Indonesia, Guam, Malaysia, Hong Kong and Vietnam.

Its rapid expansion has put a dampener on the group's target of 20 per cent annual profit growth. Last month, it announced net profits up 12 per cent to 603m pesos ($22.9m) after increased diversification and expansion costs. Earlier this month, however, the group said it was looking at 20-30 per cent growth for 1997.

Shares in the fast food chain closed unchanged yesterday at 27.5 pesos.

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Deutsche Post warns of job cuts

By Ralph Atkins in Bonn

Deutsche Post warned yesterday of job cuts and higher postal costs. It was responding to a deal struck by Germany's governing coalition parties to propose tighter restrictions than expected on its monopoly powers for the next fiva years.

The postal service, due to be partially privatised in 1999 or 2000, attacked as a "fatal compromise" the proposal to limit its exclusive licence to letters under 100g and costing less than DM5.50 ($3.27) until the end of 2002.

Deutsche Post warned of "a dramatic reduction" in jobs. A large number of post offices might have to close and loss of revenue could force an increase in postal rates to belp pay pension liabilities.

Union leaders promised furthar protests, continuing the disruptive action and demonstrations which preceded yesterday's coalition summit. Mr Kurt van Haaren, bead of the postal union, said there would be "no peace until the government's policy on the post service took account of the general interest as well as the justified interests of 300,000 post workers".

Yesterday's announcement overturned an earlier proposal by Mr Wolfgang Bötsch, the post minister, that Dentsche Post shonld have a monopoly of letters weighing up to 350g in the five years before full liberalisation.

The new proposed weight limit followed intensive lobbying by the Free Democratic party, junior member of the coalition, for competition to be introduced much earlier as part of wider structural reform in Germany.

The 100g barrier is lower than required under recently agreed European Union guidelines, which were watered down largely at French insistence. The British post office has a monopoly of letters costing under £1 (62 cents) for the foreseeable future.

The post and telecommunications ministry said yesterday's deal would limit Deutsche Post's monopoly to 87 per cent of the standard letter market. A 350g weight limit would have covered 95 per cent. The proposed new law, replacing legislation which expires at the end of the year, would also open completely the bulk mail market to licensed competitors.

The deal, yet to be formally approved by the cabinet, faces stiff resistance in the upper house of parliament from the majority of federal states, controlled by the opposition Social Democratic party. The SPD last night said the compromise would lead to "a dateriorating and increasingly expensive post service for private customers, small and medium sized businesses".

In its statement, Deutsche Post disputed the ministry's estimate that the lower weight limit would expose an additional DM1.2bn worth of business to competition. Its estimate was about DM3.1bn.

The company also warned that tbe German market was being opened to foreign entrants while local companies could not compete on equal terms abroad.

The coalition failed to agree plans to give Deutsche Post the right to acquire 25 per cent of the Postbank postal savings bank to help pay for Deutsche Postbank's use of post office counters.

Spanish truck strike halts VW Polo output

By David White in Madrid and Sarah Althaus in Frankfurt

The Volkswagen Polo today becomes the latest victim of the two-week Spanish truckers strike, which bas hit badly car plants which rely on regular deliveries of components, and caused about 50,000 Spanish workers to be laid off.

VW, Europe's largest carmaker, halted production of the Polo at its 1,000-cars-a-day plant in Pamplona, Spain, on Monday. The Wolfsburg plant in Germany, which also produces 1,000 Polos a day, suspends production today.

Lufthansa Cargo, tbe freight division of Germany's national airline, bas carried car parts from Spain to Germany on two special charter flights, but it said yesterday that the strike was severely restricting deliveries from production centres to the airports.

Ford Werke, the German arm of the US vebicles group, said it had used helicopters to ferry parts to airports. It was one of the few German carmakers whose production was largely normal yesterday. It estimated the strike had cost it sbout $1m, mainly because of dalays in deliveries of its new Ka model from its plant in Valencia and additional transport costs.

VW said it was reviewing daily the production of the Golf, Europe's best-selling car, but other German-built models bad not yet been affected. It expressed confidence it would be able to make up for lost production once the strike had ended.

Adam Opel, part of General Motors of the US, has also been badly hit. Opel said it was dependent on only three types of components produced by its Spanisb plant in Saragossa, but the effects of the strike had been "considerable".

In Spain, most of lay-offs were at motor companies – including Opel's Zaragoza factory, the country's biggest car plant, employing 9,300 – though steel and mining were also hit. The Citroën car plant at Vigo in the north-west has kept going by ferrying in components by air.

The strike also stopped production yesterday at the plant making Suzuki vehicles at Linares in Andalucia because of the lack of components such as carburettors from northern Spain.

Truckers' ptckets were reported to be still in action in Atlantic coastal regions, Aragon and Seville in spite of efforts by police to keep traffic moving on all roads.

The strika committae, beaded by Fedatrans, a militant organisation of self-employed truckers, was engaged in its fourth day of talks with government officials.

Trucks of striking drivers block a road leading to Bilbao port in north-west Spain Reuter

The main sticking point was the strikers' demand for retirement on full pension at 60 instead of 65, with optional early retirement at 55. Government officials argued that this would set a precedent and risk bankrupting the country's social security system.

Other truckers' organisations warned the government against making more concessions to strikers than it did in an outline agreement at the weekend with the National Road Transport Committee.

The main concession so far by the government – giving transport co-operatives access to cheaper diesel by allowing them to buy it directly from oil companies – has alarmed petrol station operators, which described it as spelling "total ruin" for their business.

In France, Renault said production at its Twingo plant at Flins in Normandy would be cut today, but this would bring forward a no-production day planned for next month because of high stock levels.

Umberto Agnelli sings Emu praises

Stefan Wagstyl finds the industrialist is passionate believer in European unity

For the Italian industrialist Mr Umberto Agnelli, European monetary union is a political and ecooomic necessity.

Without Emu, Europe cannot develop a proper voice in world affairs or compete effectively witb ultra-competitive countries in east Asia, says Mr Agnelli, chief executive of Ifi, the family holding company which controls the Fiat motor group.

An unashamed believer in the ideal of European unity, Mr Agnelli says Europe must develop stronger central institutions, including a more effective and more democratic parliament. "Emu is important in itself and in what will follow it in the medium and long term." Eventually European countries must pool some defence and foreign policies and develop a deeper sense of common European identity.

Mr Agnelli acknowledges that some people in the UK and elsewbere are worried about losing national sovereignty. But, be says: "There is a price to be paid. It is a price worth paying for securing our position in the world over the next 50 years."

Countries such as Italy and Britain, which bave seen exports boosted in the past by successive devaluations, will face a tougher regime if they join Emu, be admits. But they will benefit from the economic stability tbat monetary union will bring.

Mr Agnelli believes Italy will probably be ready to join monetary union in the first wave. "Six months ago I would have said there was a 20 per cent chance of joining. Now I think it is 60 per cent."

Tha Italian government is successfully restructuring public finances in line with the Maastricbt criteria, he says. The big issue now is "securing credibility" that Italy is an economically and politically stable country.

A key element is achieving constitutional reform, replacing the current system in which national representatives are elected partly by constituency polls and partly by proportional representation. All representatives sbould be elected through constituencies.

Mr Agnelli says that monetary union is equally important for tha UK. "If I were there, I would be arguing for Emu." He also maintains that the European Union must, in time, accept countries in central and eastern Europe as members and open its markets to their goods, including agricultural exports. He thinks tt will be better to trade with these countries and encourage their economic development than to do nothing and wait for big increases in immigration into the EU.

"It's in our interest to see them grow richer, even if we have to consume a little less ourselves. We don't have to change our cars every two years. Every three years is enough. And I speak as s carmaker."

Plea to help cut Italian bank jobs

By Paul Betts in Milan

The Bank of Italy has urged the government to intervene to help the country's troubled and uncompetitive banking industry reduce its huge labour costs and shed 30,000 jobs. Mr Antonio Fazio, central bank governor, says there is urgent need for "corrective action" to improve profitability.

In a letter, whose content was disclosed yesterday by the financial daily Il Sole 24 Ore, he says the weakness of the banking system risks undermining its competitiveness with the approach of European monetary union. He proposes government incentives to enable the industry to cut about 10 per cent of its workforce in exchange for firm commitments to bold down unit labour costs.

The unions would have to be willing to agree to more flexible working practices and performance-related wage settlements, ending the automatic link to inflation.

Mr Fazio suggests that changes could be agreed when the banking industry's nationwide contracts are renewed later this year. He calls for talks between the government, the banks and the unions with the aim of reacbing a "protocol" between them for the industry's recovery.

The unions, however, bave already warned they will resist widespread job cuts and efforts to change the nationwide contracts.

Italy's banks are under pressure to improve their return on equity in the face of increasing international competition from European integration. The sector's profitability is among the lowest in the industrialised world, witb an average return on equity of around 2 per cent compared with 20 per cent in the UK and 15 per cent in Spain.

Bank employees are among Italy's best paid, and staff costs absorb about 42 per cent of revenue compared with a European average about 30 per cent.

The industry employs about 330,000 people. Some banks have managed to cut staff through reorganisation and early retirement schemes, but the industry says it needs to shed at least another 30,000 jobs.

The Bank of Italy's proposals also coincide with government efforts to encourage greater concentration and privatisation in the industry.

Mini-budget likely if Italy to hit Emu goal

By Robert Graham in Rome

Italy's centre-left government will almost certainly have to introduce a mini-budget this spring to ensure that the country's deficit hits the target for membership of the European Union's proposed single currency.

Mr Massimo D'Alema, leader of the Party of the Democratic Left (PDS), the dominant partner in the government, has said corrective measures are inevitable.

Mr Romano Prodi, the prime minister is more cautious, saying that a spring financial package was probable. This reflected his desire not to alienate tha hard-liners in Reconstructed Communism (RC) who provide the vital votes for the parliamentary majority of the governing Olive Tree alliance.

But, given tbe current trend of the 1997 deficit, Mr Prodi will not be able to honour – without a correction – his repeated commitment to have Italy's public accounts in order to take part in the first wave of the single currency, whicb requires the budget deficit to be not more than 3 per cent of gross domestic product.

Yesterday, the latest quarterly report from tbe Isco research institute estimated that Italy was heading for a 1997 deficit equivalent to 3.7 per cent of GDP, owing to a combination of lower than expected growth and an overshoot in spending at the end of last year.

Growth this year had been forecast to be 2 per cent. But this week Mr Carlo Azeglio Ciampi, the treasury minister, said the latest forecast suggested GDP would grow at 1.1-1.5 per cent. Isco yesterday forecast the economy would grow at 1.3 per cent.

The government will not have a clear idea of the trend in the deficit until the quarterly treasury figures are released in March. But already, officials are working on various scenarios for finding up to L15,000bn ($9bn) through spending cuts and fresh revenues.

One option is to raise more than L3,000bn by a one-off levy on the generous early retirement pensions. Other funds would come by higher healthcare and prescription charges, with further cuts in public spending.

The government is likely to introduce the packaga well before local elections just fixed for April 27.

The resort to a mini-budget does not preclude discussion of Mr Ciampi's proposal to bring forward the introduction of the 1998 budget to this summer. But this proposal, intended to add credibility to Italy's capacity to sustain the clean-up of its public finances, has become bogged down in political haggling.

Uncertainties about Italy's public accounts helped to weaken tbs lire yesterdsy. For the first time since its re-entry into the European exchange rate mechanism, it fell below its central band reaching L997 to the DM in late trading, against Monday's close of L987.

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Poles fear bid by Russia to bar Nato path

By Anthony Robinson and Christopher Bobinski in Warsaw

The Polish government is bracing itself for a Russian campaign to discredit its political leadersbip and derail its drive to enter Nato in the first round of expansion to the east.

Mr Zbigniew Semiatkowski, security minister, has warned that Moscow "will seek to demonstrate that the elites of the countries aspiring to join Nato are unreliable and remain at the disposal of their old masters".

He did not expand on his warning bnt senior Polish political figures are concerned about the imminent publication in the US of a book by Mr Alexander Korzhakov, President Boris Yeltsin's former bodyguard, who was recently elected to the Russian Duma.

A former minister has told the FT the book includes a reference to Mr Alexander Kwasniewski, the president and a former Communist. It draws a parallel with the events wbicb led to the removal of Mr Jozef Oleksy as prime minister in the coalition government of former Communists 14 months ago.

Mr Oleksy quit after be was sccnsed of passing information to a known Russian agent. He denied tbe accusations; a judicial inquiry was set up and pnblic prosecntors brought no evidence.

The former minister said the book includes a claim that Mr Korzhakov had overheard a conversation between Mr Yeltsin and Mr Yevgeni Primakov, the former Russian security chief and now foreign minister, in wbicb tbe latter implied tbat Mr Kwasniewski was under Russian influence.

Mr Korzhakov is a former KGB general with close links to the security services, bnt many observers would see him as an unlikely weapon in a Kremlin-sponsored campaign, as he has been deeply disliked since his sacking by Mr Yeltsin.

Polish fears of a Russian disinformation campaign began earlier this month when the Russian newspaper Nezavisimaya Gazeta claimed Mr Primakov, when head of Russian intelligence, had promised Mr Yeltsin that Mr Kwasniewski would sbelve Poland's attempts to join Nato if elected president.

Mr Kwasniewski has made Poland's rapid entry into Nato and the EU the main priorities of his presidency. The Russian paper said this embarrassed Mr Primakov and surprised Mr Yeltsin.

The fact that the allegations are appearing, even if untrua, concerns Polisb leaders, as it may have an effect on US sentiment as Poland's application to join Nato is being considered.

Mr Dariusz Rosati, Polish foreign minister, said: "Nato enlargement has entered a critical stage so we are expecting an intensification of protests from all sides. This is the last chance to try to prevent it, so the next few months will be difficult".

EUROPEAN NEWS DIGEST

Telia future under review

Sweden's Social Democratic government is poised to propose the partial privatisation of Telia, the country's former monopoly telecoms operator, a Swedish newspaper reported yesterday.

The communications ministry declined to comment on the report, which said the proposal would be presented next month as part of a package on telecoms. But officials acknowledged that the future of Telia was under review.

Telia, reckoned to have a total valna of around SKr45bn ($6bn), has said it needs a capital injection of up to SKr10bn over the next five to six years to help it meet investment costs of around SKr12bn a year. It is fighting to survive stiff competition from foreign and domestic rivals as Sweden has one of the world's most liberalised telecoms markets.

The government has previously said it did not intend any privatisation of the company – despite the trend towards telecoms privatisation. But with funds under tight rein, many observers believe it will sanction a partial sell-off, while retaining a controlling shareholding or "golden share". *Hugh Carnegy, Stockholm*

Former Swiss banker in court

Switzerland's efforts to clamp down on illegal money laundering took a step forward yesterday when Mr Josef Oberholzer, a former vice-president of Union Bank of Switzerland, was brought to trial in a Zurich court.

Mr Oberholzer, who had been one of UBS's top private bankers dealing with Latin American cliants, was arrested in 1994 after the authorities became suspicious of a $150m bank account he was advising. The account, which had been with UBS for 15 years, was blocked and Mr Oberholzer was accused of knowing that it contained the proceeds of drug trafficking.

The banker was suspended by UBS after the incident and subsequently took early retirement. UBS, which has fully co-operated with the authorities, is not involved in the court case. If found guilty Mr Oberholzer could face up to five years in prison. *William Hall, Zurich*

Call for bank tax reform

The French government hopes to reduce special taxes on the banking sector and oversee a reform of the Caisse d'Epargne savings network within two years as part of a reform designed to increase the competitiveness of its financial institutions.

Mr Jean Arthuis, finance and economics minister, yesterday called for a reduction in the "heavy and counter-productive" special tax imposed on the country's financial groups.

He told the National Assembly banking commission that the tax – which is largely levied in proportion to payroll charges and raises FFr2.9bn ($510m) a year – should be progressively reduced as far as the government's fiscal deficit permitted, and the money invested by the banks in a collective deposit protection system. *Andrew Jack, Paris*

Juppé drops councils plan

Mr Alain Juppé, French prime minister, yesterday abandoned his plan to give France's 22 regional councils more stable majorities by diluting proportional representation in next March'a regional elections.

One reason for growing instability on regional councils is the unwillingness of mainstream political parties to do deals with the far-right National Front, which in 1992 won 227 seats on regional councils. The NF was elected on proportional representation, but has no parliamentary seats chosen by majority vote.

In a statement yesterday, Mr Juppé acknowledged that, in the absence of a consensus within his own centre-right majority on electoral change, and only a year before the regional poll, he had run out of time to make the necessary changes.

The Socialists bave opposed change, not because it would thwart the National Front, but because they see it as a government tactic to stem losses on the 20 regional councils held by the centre-right. *David Buchan, Paris*

Austria moves on work hours

Austrian unions and employer associations have agreed on a proposal which paves the way for greater flexibility on working hours and lower overtime wage costs. The move is seen as a positive attempt to make Austrian industry more competitive.

Under the proposal, which parliament is expected to pass as law, industries will be allowed to extend the working day from eight to 10 hours and compensate employees with free time rather than overtima pay, provided that each industry association can reach collective agreement with the unions.

The accord also calls for a mediation process if negotiators in a certain industry cannot agree on a model for flexible bours. Maximum hours for a week were set at 50 hours, up from 40 hours.

The agreement came after months of negotiations, in which employers complained that inflexible rules raised production costs and held back job creation, while unions warned of s loss in income and a drop in quality of life for tts members. *Eric Frey, Vienna*

Ukraine probes war fund

Ukraine's President Leonid Kuchma (left) said yesterday criminal charges should be brought against a virtually bankrupt commercial bank and officials at a state foundation in connection with the disappearanca of DM80m ($47m) in German war restitution funds. Mr Kuchma ordered the general prosecutor and tax committee to investigate loss of funds intended for Ukrainians who worked in German factories or were held in concentration camps. Months of inconclusive talks with German officials have led to the president's decision which is aimed at smoothing relations with Germany.

Soma 70,000 Ukrainians were denied their compensation payments after the Ukrainian Foundation, charged with disbursing DM400m in German funds, stopped payments last year after its account was frozen by Gradobank, which remains under central bank supervision following a run on its deposits last year. *Matthew Kaminski, Kiev*

Romanian fuel price rise

Romania increased fuel prices by more than 50 per cent yesterday to help cover losses caused by the depreciating leu and to meet conditions laid down by international lenders.

Petrol rose to 2,900 lei (41 cents) per litre of premium, up from 1,900, and diesel rose to 2,400 lei (34 cents) per litre, up from 1,300. "Wa plan to gradually adjust these prices, according to the leu'a value against the dollar," the state-run national oil company said. The leu has fallen steadily in value over the past month.

The price increases were in line with conditions set by international landers, including the International Monetary Fund and the World Bank. *Reuter, Bucharest*

WORLD TRADE NEWS DIGEST

Boeing seeks clearance

US aircraft-maker Boeing has applied for European Commission clearance of its proposed acquisition of McDonnell Douglas. Brussels, which must vet all large mergers and acquisitions which affect the European Union's market, has about a month to decide whether to clear the deal or, as is more likely, to start an in-depth probe if it is worried about the impact on competition.

Mr Karel Van Miert, competition commissioner, made clear in December, when the $13.3bn merger was announced, that conditions could be attached to the deal if it appeared likely to strengthen Boeing's already strong position in Europe. The European aerospace industry yesterday voiced concerns about what it called the US government's strategy to lead the market and the danger of a spillover of subsidies from the defence to the civil aviation sector. *Reuter, Brussels*

New twist in Turkmen oil row

A bitter contractual dispute between Turkmenistan and the Argentine energy group Bridas over oil field development agreements bas taken a new twist as both sides prepare their final cases for international arbitration in the spring. Bridas this week accused the Turkmen government of ignoring an order by the International Chamber of Commerce arbitrator in Paris that would allow it to resume oil exports from its fields in the central Asian country while the case is under way.

Bridas is the country's largest foreign investor with oil assets that it values at around $265m. It was originally banned from exporting its oil in November 1995 because of disagreements with the government over bow the company spent the money. *Robert Corzine, London*

Caribbean fears for rum sales

Twelve months after winning a 20-year battle to remove quotas and increase their access to Europe, Caribbean's rum exporters have warned of a formidable threat to their markets in the European Union and the US.

They say that last year's decision by the EU and US, reached in the margins of last year's World Trade Organisation ministerial meeting in Singapore, to restart negotiations on the "zero for zero" agreement, will lead to the accelerated removal of tariffs on spirits from third countries and damage the Caribbean's valuable market.

The US sought EU agreement for a cut in tariffs on spirits in exchange for its acceptance of lower tariffs on information technology. *Canute James, Antigua*

Fincantieri sells corvettes

Fincantieri, Italy's state-controlled shipbuilding group, yesterday signed an agreement to supply the Malaysian navy with two corvettes originally built for Iraq. The sale ends a long saga that has cost the Italian group L660bn ($400m) following the collapse of a 1980 Iraqi order for several vessels.

First the Iraq-Iran war blocked delivery, and then the west imposed an embargo against Iraq during the Gulf conflict. Fincantieri has supplied all four frigates to the Italian navy and in 1995 signed an agreement to sell Malaysia two of the four corvettes ordered by Iraq. With yesterday's agreement the Malaysian navy has acquired the last two corvettes. *Paul Betts, Milan*

Washington buys time as anti-Cuba law dispute goes to world trade body

US dodges Brussels onslaught

By Guy de Jonquières

The immediate danger that the US-EU dispute over the Helms-Burton anti-Cuba law would plunge the World Trade Organisation into an institutional crisis and embitter transatlantic relations was averted yesterday by an 11th-hour diplomatic finesse in Washington.

The US move aims to buy time to resolve the starkest conflict between national sovereignty and multilateral rules since the WTO was established two years ago. However, the truce is only temporary - and could fall apart if the two sides cannot quickly settle their differences.

The EU complained last year that Helms-Burton violated multilateral rules and asked the WTO to establish a disputes panel to rule on the case. But the US says Helms-Burton is an issue of foreign, not trade, policy.

Washington insists the law is justified by Article XXI of the WTO treaty, which says a member may take any action "it considers necessary for its national security interests".

Washington's dilemma has been bow to pursue this defence. One option would be formally to state that the WTO had no jurisdiction in the matter and that the US would disregard any panel decision.

However, such an unprecedented course could undermine the disputes procedures, which are supposed to be automatic and produce binding decisions. That could encourage other members also to use Article XXI to block panel rulings on controversial trade measures.

Any weakaning of the WTO's quasi-judicial mechanisms would also rebound on the US, which has used them enthusiastically to settle trade conflicts with other countries.

Another option would be to go along with the formation of a disputes panel, and to cite Article XXI in its defence. However, that would mean giving the WTO responsibility to determine US national security, provoking outrage in Congress.

Faced with yesterday's deadline for naming WTO panel members, the US fudged. It said it would not invoke the national security defence at this stage, but would not participate in the panel hearings either.

However, it warned that if further negotiations with the EU failed promptly to resolve the dispute, it would formally declare that the panel "has no competence to proceed".

Trade lawyers said yesterday that by refusing to take part in a panel, the US was within its rights and would not stop a hearing going ahead. But they were far less sure of the consequences if Washington later challenged the WTO's jurisdiction head-on.

Article XXI was invoked several times in the General Agreement on Tariffs and Trade, the WTO's predecessor. But there is no consensus on how to interpret it. That is partly because the Gatt's disputes settlement procedures were very weak and produced no clear rulings on the question.

Furthermore, countries have taken sharply different positions on the meaning of Article XXI, depending on how it suited their interests at the time.

For instance, Sir Leon Brittan, EU trade commissioner, bas berated the US for presuming to be "judge and jury" in deciding whether Helms-Burton is permissible on national security grounds.

Yet when the then European Community invoked Article XXI in the Gatt in 1982 to justify trade sanctions against Argentina during the Falklands conflict, it sang a very different tune. Its representative insisted that every Gatt member "was – in the last resort – tbe judge" of its national security rights.

Faced with so much uncertainty and confusion about how the rules should be applied, trade diplomats in Geneva are boping that an amicable US-EU settlement will mean the issue does not need to be put to the test.

Arthur Dunkel: Dispassionate, cautious and experienced, be is seen as a shrewd choice to head the panel Terry Kirk

Veteran Swiss trade diplomat to head impartial panel

The only rule governing the choice of panellists in a WTO dispute is that they should be, and be seen as, strictly impartial. Thus they would not normally be from a country with an interest in the dispute, writes Frances Williams from Geneva.

Mr Arthur Dunkel, the panel's Swiss chairman, was director-general of the General Agreement on Tariffs and Trade (Gatt) from 1980 to 1993. A dispassionate, cautious but highly experienced trade diplomat, he is seen as a shrewd choice to head the panel.

Mr Dunkel, who has been involved with many trade wrangles between the US and EU in his time, can be expected to be sensitive to the political ramifications of the case while observing Swiss-style neutrality. Mr Dunkel now chairs the International Chamber of Commerce's commission on international trade and investment policy.

Mr Tommy Koh of Singapore is less well-known in trade circles but has wide diplomatic experience in the United Nations and elsewbere. A law graduate, he was twice Singapore's ambassador to the UN in New York and was ambassador to tbe US in Washington between 1984 and 1990. From 1990 to 1992 be was cbairman of the preparatory committee for the UN "Earth Summit" in Rio de Janeiro. He is currently ambassador-at-large at the Singaporean foreign affairs ministry.

Mr Edward Woodfield, an independent trade policy consultant, was New Zealand's chief trade negotiator during the Tokyo and Uruguay Rounds of global trade talks, and was high commissioner to Australia from 1989 to 1994.

Norway narrows combat aircraft choice

By Bernard Gray, Defence Correspondent

Norway is to choose between the four-nation Eurofighter and the F-16 made by Lockbeed Martin of the US for its next generation of combat aircraft.

The decision is a blow to France, whose Rafale bas now been eliminated from tbe competition, and to McDonnell Douglas of the US, which makes the F/A-18 which bas also been dropped.

The run-off, which is likely to take about 18 months, will be the first time the Eurofighter has been pitched against the F-16 in an export competition, and is the most concrete export prospect for the European four-nation jet yet.

Norway is looking for up to 40 aircraft to strengthen its air force beyond 2003, to add to its existing older F-16 air defence fighters.

The Norwegian competition could be an important test of Eurofighter's export prospects, but the aircraft faces significant obstacles. Since the F-16 is already in service with the Norwegian air force, it will be mucb cheaper for Norway to buy more of them. It already has the servicing and maintainance equipment for the aircraft installed.

Eurofigbter, furthermore, is a mncb larger twin-engined aircraft which will be more expensive to buy and maintain than the single-engine F-16.

However, the Eurofighter should have much higher performance than the F-16, will have greater range, and is capable of carrying a larger bomb load for ground attack.

If Norway were prepared to pay for the increased performance, a breakthrough for Eurofighter in Norway would be a substantial boost for the European jet, since Norway is one of the four original European users of the F-16.

The fact that two aircraft left have very different characteristics has led to suggestions that Norway is looking for a quantum level improvement in the performance of its air force, by considering the Eurofighter.

Equally, it may be simply putting price pressure on its preferred US supplier, at the same time as keeping its European neighbours sweet. There is political support for Eurofighter in the Norwegian parliament, but the air force and the defence ministry are thought to favour more F-16s.

Eurofighter will be pitched for the first time in export competition against the Lockheed Martin F-16

US takes Kodak-Fuji film case to WTO

By Frances Williams in Geneva

The US yesterday submitted its formal case against alleged restrictions in the Japanese photofilm market to the World Trade Organisation panel set up last October to bear tha complaint.

The US submission documents 30 years of laws and measures by the Japanesa government that Washington claims were intended to curb imports of photofilm and limit competition with Japan's Fuji Film.

Mr George Fisher, chief executive of Eastman Kodak of the US, which first raised the issue with the US administration, said yesterday that Washington had presented a powerful casa that be believed would convince the panel. "The ramifications of this historic case are potentially of landmark proportions," be said.

Washington argues that from the 1960's Japan tried to neutralise the impact of tariff cuts on photofilm by using government laws and regulations to bolster Fuji's position in the domestic market. These measures included:

- Encouragement for the vertical integration of tbe industry, enabling Fuji to control the four leading wholesalers which aupply the vast majority of Japan's 280,000 retail outlets.
- Restrictions on discount stores and the Large Scale Stores Law that hindered development of supermarkets and department stores more likely to stock foreign goods.
- Strict controls on price competition and advertising tbat stopped Kodak and other foreign suppliers from using price-cutting and promotions to sell their products.

As a result, the US says, two-thirds of retailers do not stock imported film and the import share in the Japanese market bas scarcely budged in 30 years despite the best efforts of Kodak and Agfa of Germany, which also bas a toehold in Japan.

Japan denies that any of tbese measures were designed to limit imports of photofilm. Kodak had a 9 per cent market share in 1995.

The WTO panel plans to issue its report in October.

The US has also requested WTO consultations with the Japanese government over exclusionary business practices in the photofilm market, but Japan says its agreement is conditional on the US accepting consultations on alleged restrictive businesa practices in its own market.

Caspian oil project may build in extra capacity

By Robert Corzine

Western oil companiea developing an $8bn offshore oil project in the Caspian Sea say capacity additions are being considered to one of two interim pipelines from Azerbaijan to avoid pressure to select a route for the main proposed multi-billion dollar main pipeline.

A decision on the route of the main oil export pipeline to international markets is expected to be deferred for some time due to the continuing political uncertainty in the Caspian Sea region.

The main pipeline route is one of the most fiercely contested political issues in the area.

Russia wants the pipeline to cross its territory to maintain political influence in the region.

However, many weetern governments and Turkey want a route that avoids Russian territory, thus reinforcing the political independence of the oil-rich former Soviet republic.

Earlier this week President Haydar Aliyev of Azerbaijan indicated that the western option was gaining favour: "It will he laid through the territory of several countries and I think that the pipeline will definitely cross through the territory of Georgia."

The Azerbaijan International Operating Company, which is overseeing the project, yasterday confirmed they are considering steps to boost the capacity of tbe planned western oil pipeline to Georgia by adding additional compressors.

The western line will have an eventual capacity of around 200,000 barrels a day. The northern oil pipeline which passes through Chechnya en route to the Russian Black Sea port of Novorossiysk is expected to carry about 100,000b/d, although AIOC says some additional capacity could be installed on that line as well.

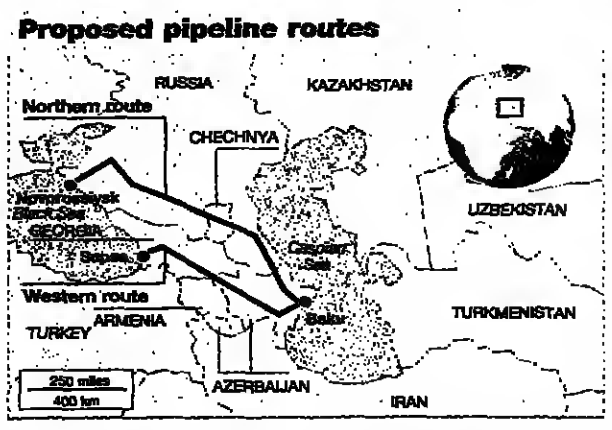
The first AIOC oil is due later this year, although officials say they know little about the state of the Chechen sections of the northern route, which is due to carry the first oil.

Pipeline construction on the Azeri side of the border is 80 per cent complete, with the onsbore terminal doe to be finisbed by mid-July. Transneft, the Russian oil pipeline operator, is negotiating with the Cbechens about rehabilitating the existing pipeline, but western executives say they have little insight into the state of the talks.

AIOC, bowever, believes the political importance of the project is such that Trananeft will resort to costly barges or railways to move the first export oil to the Black Sea if the Cbechen section of the pipeline is not available as promised later this year.

Bids for the western early oil pipeline are now being evaluated. Work on the line is due to hegin within the next six weeks or so, with completion expected in the third quarter of 1998.

Proposed pipeline routes



Court ruling on recovery programme likely to lead to new wave of writs

Lloyd's wins in clash with Names

By Christopher Adams, Insurance Correspondent

Lloyd's of London yesterday won the first round of an important court case in London against Names who refused to accept the terms of its recovery plan. It now appears likely to issue a fresh wave of writs as part of efforts to recover debts.

The ruling in the High Court affirmed the insurance market's authority to reinsure billions of pounds in losses into a new company, Equitas, in a recovery plan completed last September.

More than 90 per cent of the 34,000 Names – individuals whose assets have traditionally backed Lloyd's – accepted the plan and compensation for their losees. But about 1,300 are holding out and Lloyd's warned yesterday that under the terms of the £3.2bn ($5.2bn) settlement agreement, its ruling council would not be able to consider acceptances after February 28.

"This judgment takes us a significant step further towards recovering money from members who have not accepted," said Mr Philip Holden, head of Lloyd's financial recovery department. Lloyd's originally brought "test" proceedings against three Names who refused to settle, but dropped one of the cases because of concerns over the age and health of the defendant.

The insurance market, which has already issued writs to 570 Names in the UK, US and Canada, is expected in the next three weeks to send writs to a further 700 Names who have refused to pay their debts. It is seeking to recover around £400m in all.

However, allegations that Lloyd's defrauded Names by hiding knowledge of its losses while ancouraging them to use their personal assets to support underwriting still hang over the insurance market.

An attempt by Lloyd'e to head off a tussle with Names over fraud will be heard next month. At that hearing, the insurance market will seek to persuade the High Court in London that Names must "pay now, sue later" under the terms of the reinsurance contract with Equitas, giving it the authority to collect money before counter-claims can be made.

But Lord Justice Colman, whn is presiding over the case, has given Names the chance to submit evidence of fraud. Ms Catherine Mackenzie-Smith, co-chairman of tha United Names Organisation, said: "We are going to be producing some fraud evidence which is what they [Lloyd's] don't want." However, she declined to elaborate.

A letter yesterday from law firm Epstein Grower & Michael Freeman, acting on behalf of the Names, to Lloyd's lawyers Freshfields demanding Mr Holden withdraw allegedly inaccurate comments made in a press release ehowed how a strained ralationship between the two sides deteriorated further after the judgment.

Army numbers to be reduced

By Bernard Gray, Defence Correspondent

The Ministry of Defence yesterday cut the manning levels of the regular army and the Territorials – the standing force drawn from civilian reservists – and at the same time stood down some of its most sophisticated artillery equipment to the reserves.

Territorial army numbers will fall by 3,000, while regular forces will be cut by 600, the equivalent of an army battalion.

The opposition Labour party immediately attacked the cuts, saying that the government had promised no further reductions in the armed forces.

The ministry said the cuts came because the forces were moving towards mobile rapid response units able to tackle smaller-scale conflicts around the globe, and away from the prospect of all-out war in Europe.

As a result, the rapid reaction force, 5 Airborne Brigade, will be brought up to full strength with the addition nf 120 men, and the informal Pathfinder Platoon, which operates deep behind enemy lines, will be established officially for the first time with a staff of 40.

Senior army officers said the cuts would save about £15m ($24.3m) a year.

● The Ministry of Defence has been forced to halt the award of a £200m contract for two Royal Navy oil replenishment ships to the VSEL shipyard in Barrow, north-west England, following the late intervention of Mr Michael Forsyth, the minister for Scotland, Bernard Gray and James Buxton write.

VSEL, owned by the General Electric Company, has been competing with a consortium of British Aerospace and Norwegian-owned Kvaerner Govan on Clydeside, near Glasgow, for the work, and the ministry had concluded that the Barrow yard should win it.

It issued 90-day redundancy notices to 500 of its 1,300 strong workforce last December; if it does not win tha ministry order, the redundancies will go ahead. Tha company announced a cost-cutting programme following a eharp fall in its third quarter profits last November.

Hume is not for turning

SDLP leader's harsh words will not interrupt dialogue

John Hume

- 1937 born the first of seven children of a shipyard worker in Londonderry
- Late 1950s studied for the priesthood in Republic of Ireland; travelled widely in France
- 1969 elected to Northern Ireland parliament
- 1970 co-founder of Social Democratic and Labour party; commerce minister in power-sharing executive after local parliament is replaced
- 1976 fellowship at Harvard University
- 1979 joins European parliament's Socialist group
- 1983 takes House of Commons seat in UK general election won by Thatcher-led Conservatives
- 1993-94 works with Sinn Féin president Gerry Adams on formula which leads towards IRA ceasefire

Social Democratic and Labour party statement of aims: "The party stands for two basic and interlinked principles; the rights of all in Northern Ireland to the identity, ethos and way of life of their choice; and the pursuance of political and constitutional objectives by purely peaceful, non-violent mean."

John Hume, leader of the moderate nationalist Social Democratic and Labour party, has rarely voiced his personal distaste for Sinn Féin in such robust terms.

At first glance, it might look like a defining moment in the Northern Ireland peace process. But party officials say it would be wrong to interpret his verbal assault on the political wing of the Irish Repnblican Army in yesterday's Irish News newspaper as an end to his efforts at political rapprochement.

In his long dialogue with Mr Gerry Adams, the Sinn Féin president, Mr Hume has been prepared to risk the standing of his own party. But with a election looming in the UK, it was inevitable that the awkward qoestion of electoral pacts with Sinn Féin, to maximise the nationalist representation, would be on the agenda. Mr Hume intends to stand again for the House of Commons. Roman Catholics now comprise a majority of the voting population in seven of Northern Ireland'a 18 electoral districts, yet the SDLP has only four MPs in the House.

The prospect of Sinn Féin and the SDLP putting forward an agreed candidate to oust the fiercely Protestant and anti-republican Democratic Unionist MP, the Rev William McCrea, in the Mid Ulster district would have considerable appeal even to moderate nationalists.

On January 5, Mr Hume issued what amounted to a political ultimatum to Sinn Féin – unless the IRA reinstated the ceasefire, there would be no electoral deals. Mr Hume expected Sinn Féin at least to consider the offer. Instead Mr Adams rejected the proposals out of hand. Six weeks on, Mr Hume is in little doubt of Sinn Féin's tactics.

"Having availed of our good faith, they now intend to cast us aside, using any means, fair or foul," Mr Hume said. He did not mince his words. "To make an electoral pact with Sinn Féin without an IRA ceasefire would be the equivalent of asking our voters to support the killing of innocent human beings by the IRA."

Tensions have increased with attacks on the homes of SDLP councillors in Londonderry, the second largest city in Northern Ireland. The SDLP has now accused Sinn Féin of attempting to "pack" the electoral register in key marginals like west Belfast, by using forged medical cards, and empty flats to multiply the registrations of Sinn Féin members.

The IRA's return to violence has seen public and political opinion harden in the Republic of Ireland. Perhaps more important to Mr Hume, there are signs of a more sceptical stance towards Sinn Féin in Washington from President Bill Clinton and Ms Madeleine Alhright, the secretary of state.

But few observers believe that Mr Hume will turn his back on Sinn Féin. As one SDLP official said: "People are very resentful of the way that Sinn Féin invoke Hume's name to justify their own actions. But Hume is not going to walk away from Adams."

John Murray Brown

Rail spending plans show big disparity

Railtrack, the railway infrastructure company privatised last year, yesterday revealed plans for a £16bn ($26n) spending programme on track, stations and signalling systems, our Transport Correspondent writes. Meanwhile London Underground, a network still in the public sector, explained how it would implement budget cnts of £700m.

The spending statements from the two companies highlighted the contrast between Railtrack's long-term investment capacity and London Underground's need to respond to changes in government budgets. Railtrack said it would spend £40m on improvements above ground at London Waterloo, one of its largest stations, while London Underground revealed it would postpone its planned npgrading at Waterloo including a two-year delay in escalator replacements.

Railtrack will spend more than £4m a day over the next 10 years. Sir Bob Horton, Railtrack chairman, compared the company's plan to spend £800m this year with his estimate of £470m spent by British Rail, the state rail organisation, on infrastructure in its last year. Railtrack would spend 20 per cent more this year than BR'e average spend in its last three years, he said.

UK NEWS DIGEST

Employers see rates on rise

The Confederation of British Industry, Britain's largest employers' lobby, warned yesterday that the strength of sterling is hitting UK exports and economic growth – but it is still forecasting an interest rate rise later this year. Mr Sudhir Junankar, economic analyst at the CBI, said the UK economy's "key uncertainty" was the pound's exchange rate, which has risen 15 per cent since December.

"There is no case for an interest rate rise at the moment – half a per cent may be required in the third quarter this year, but that relies on sterling falling off its current levels," Mr Junankar said.

The CBI's latest monthly trends survey of 1,300 mannfacturing companies showed that exports are being stifled by the high pound. Last month, 31 per cent of companies reported lower than normal export orders on their books compared with only 19 per cent reporting higher than normal orders. The CBI cut its prediction for growth in gross domestic product in 1997 from 3.1 to 2.8 per cent, which it blamed on the strength of sterling. It also scaled back forecasts for manufacturing growth, by 0.9 to 2.5 per cent, and for export expansion, by 0.7 to 3.9 per cent.

Richard Adams and Christopher Brown-Humes, London

■ EU CURRENCY

Premier backs chancellor

Mr Kenneth Clarke, chancellor of the exchequer, yesterday appeared to have won a victory in his battle with Eurosceptic cabinet colleagues over the government's approach to European monetary union, when the prime minister supported his interpretation of policy.

Mr Clarke had been furious with Mr Malcolm Rifkind, the foreign secretary, after the latter had said on Wednesday that the government was "hostile to a single currency", thus appearing to undermine the official policy of keeping open the option to join. Yesterday Mr John Major, the prime minister, said in the House of Commons that "of course I agree with the chancellor" and that the government had "kept our options open". "The Cabinet set out its position some time ago," Mr Major continued. "It has been reaffirmed on a number of occasions. I reaffirm it again today."

Robert Peston, London

■ ENGINEERING JOB LOSSES

Alloys company to close factories

The Yorkshire Alloys offshoot of IMI, the UK engineering group, yesterday announced the closure of its two factories and the loss of up to 670 jobs. IMI said the rise in the pound had accelerated the decline of its subsidiary. Yorkshire Alloys has been struggling to overcome operating losses totalling £19m over the past five years.

Mr Barry Pointon, IMI'e executive director of special engineering, said the closure could cost up tn £25m. The company is thought to be the only manufacturer of its kind in the UK, specialising in copper alloy tubing for heat exchange in the petrochemical and power generation industries. Demand has fallen significantly since the late 1980s as customers have switched to titanium-based products. At the same time competition has emerged from Mexico and South Korea.

Richard Wolffe, Birmingham

■ DIRECTORS' BONUSES

Shareholders 'let down' on L-Tips

Companies are failing to meet institutional shareholder demands for the size of directors' bonus scheme payouts to be dependent on share price, dividend and financial targets being met, according to a survey being published this week.

Coopers & Lybrand, the accountancy firm, looked at companies's share option and long-term incentive plans (L-Tips) and found that only 8 per cent of companies insisted on total shareholder return (TSR) targets being met before directors can take share option profits.

A higher proportion – 37 per cent – of the companies surveyed insist on TSR targets being met before L-Tip profits are paid out to directors. But Coopers says that overall there is a sharp contrast between what companies are doing and what shareholders want them to do. Under new London Stock Exchange rules, companies must seek the approval of shareholders before implementing new L-Tips or share option schemes.

● The Bank of England, the UK central bank, will publish next month in one of its own publications a detailed analysis of the possible risks for City of London firms in paying staff large bonuses.

William Lewis, London

Editorial Comment, Page 11

■ ABU DHABI INVESTMENT

Private hospital may cut 100 jobs

The HCI medical centre, the private hospital at Clydebank in Scotland which belongs to the Abu Dhabi Investment Company, is seeking redundancies among its 433 staff.

HCI says it has waiting lists for heart surgery, kidney transplants, bone marrow transplants and cancer treatments. It intends to concentrate on these markets as part of a three-year plan to achieve sustained profitability. ADIC acquired HCI in early 1995 after the hospital went into receivership only eight months after opening, and after absorbing £37m ($60m) of UK government aid. It is thought that about 100 jobs may be shed. Nurses are not expected to be among them.

James Buxton, Edinburgh

■ CHERNOBYL 'CANCER RISK'

Scientist accuses farm ministry

A former government scientist has accused the ministry of agriculture of "half-hearted" monitoring of radiation in food following the 1986 Chernobyl nuclear accident, saying it may have put some Britons at increased risk of cancer, according to New Scientist magazine.

Mr John Jeffers, former director of the Institute of Terrestrial Ecology, which measured radioactive fallout in England, is reported as saying that children, nursing mothers and convalescents from serious illnesses should have been advised not to drink milk for three weeks after the accident. The ministry defended its monitoring of food, saying iodine levels in milk reached only a fifth of recommended safety limits.

Alison Maitland, London

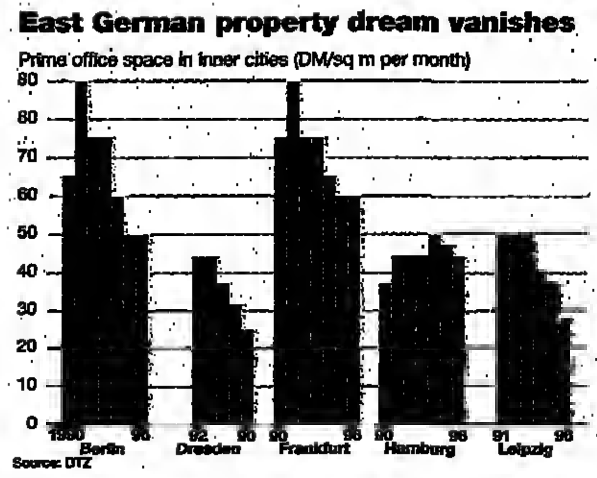
THE PROPERTY MARKET

No eastern promise

Frederick Stüdemann charts the unexpected fall in the east German property market

East German property dream vanishes

Prime office space in inner cities (DM/sq m per month)



Source: DTZ

Mr Peter Westphal, a Frankfurt businessman, ssys he has made two hig emotional decisions in his life. The first was to marry his wife, which he says was a good decision, the second was to return to Leipzig, his home town in eastern Germany, and invest in the rebuilding of properties owned by his family.

So far, the latter has proved a severe disappointment. Having repossessed several city centre properties which he then renovated, Mr Westphal is now sitting on vacant sites. Finding tenants for the buildings has proved impossible.

His predicament is typical for Leipzig and eastern Germany, where a property investment boom in the years immediately after unification has been followed by over-supply and a huge fall in rents.

Leipzig has an office property vacancy rata of 33 per cent, the highest of all German cities, according to agents Jones Lang Wootton. In 1996, some 95,000 sq m of office space was newly let, leaving 680,000 sq m empty, of which 65 per cent comprised new or modernised buildings. If take-up continues at that rate, it will take Leipzig seven years to clear the backlog of empty space.

But, as projects under construction are completed, that calculation is changing for the worse. This year, a further 185,000 sq m of space is set to come on the market.

Rents in Leipzig, historically one of Germany's great trading centres and a magnet for investors, have plummeted in the past five years from more than DM50 ($29.50) a sq m a month to just over DM20.

Developments in Leipzig have been echoed across eastern Germany. In Dresden, the other eastern city, excluding Berlin, to have attracted significant investor interest, the vacancy rate is 17 per cent while rents for prime office space fell from over DM40 a sq m a month in 1992 to DM25 in 1996.

Berlin is typically treated as a separate case because of its role as capital and history as both an eastern and a western city. Over-development there has also prompted a drop in rents, which have fallen from nearly DM100 in 1991 to less than DM50. The vacancy rate is over 7 per cent.

For Mr Christopher Bull-Diamond, director of Weatherall Green & Smith in Frankfurt, the drop in the market in east Germany is indicative of strategic errors after unification. "The property market as a whola misread where the demand was going to come from. The market forecast an enormous rush of commercial demand, but the depth of the business community in the east just is not there," he says.

Cities such as Leipzig attracted investor interest because of their historical importance, which many assumed would quickly be re-established. Such misjudgments were later compounded by a slowdown in the eastern economy.

But the market in the east has not been affected just by over-optimistic assumptions and economic malaise, it has also heen distorted by tax hreaks offered to investors.

Eatablished by the German government as a means of quickly directing capital eastwards to kick-start the construction sector, the tax breaks offered through closed-end property funds became very popular, especially as taxes rose as the costs of paying for German unification mounted.

Until the end of 1996, investors could write off up to 50 per cent of investment against tax. Since the start of this year this has been reduced to 25 per cent.

According to Bulwien & Partnar, a Munich-based market research company which recently published a study of the German property sector, an estimated DM23bn was ploughed in to the east by closed-end funds.

Although these schemes brought considerable sums of money in to the east and boosted the construction sector, they did little for the region's property market. Rather than adhering to conventional criteria, such as location, business climate and tenant prospects, buildings were often erected purely because something had to be built to claim the tax breaks.

The result is that east Germany now has a large supply of new office and residential prnperty which cannot find tenants at prices that would even cover the construction costs.

For some of the smaller closed-end funds which have developed unattractive sites, the prospect of bankruptcy cannot he discounted. The bigger fund groups, such as Cologne-based Fundus, are relying on the longer-term potential of their buildings.

Fundus has channelled DM1.5bn into Berlin, where its projects include ths building of the Adlon hotel at the Brandenburg Gate which has been let to the Kempinski hotel group.

On the nearby Friedrichstrasae, another of the group's buildings has proved more difficult to let. To increase the attraction of tha building, Fundus has set up a subsidiary which, in co-operation with a west German company, will operate the franchise to at least two designer boutiques.

Mr Peter Haberling, a director at Berlin Hyp, a mortgage bank which has been heavily involved in the east German property market, sees a fundamental shift in the closed-end funds business.

With tax write-offs for new buildings now scaled back to 25 per cent, investors have moved into funds concentrating on the modernisation of properties. Sucb funds offer tax write-offs of up to 40 per cent.

Minister plans to safeguard partners' assets

By Jim Kelly, Accountancy Correspondent

The British government yesterday published proposals for a form of partnership designed to prntect the assets of individual partners. The proposed law was also designed to stop floods of professional firms led by accountants registering offshore in Jersey, largest of the Channel Islands between England and France, to limit their legal risks.

The government also outlined new safeguards for the clients of partnerships. Mr Ian Lang, chief trade minister, said the new "limited liability partnerships" would protect the personal assets of a partner frnm legal action arising from the negligence of another partner.

The UK government is acting because LLPs are available in the US and several other countries.

But in return, a government consultation paper outlined a series of safeguards for clients and suppliers.

● The new partnerships would have to publish externally audited accounts.

● If they became insolvent liquidators could "claw back" excessive payments to partners.

● Partners would have to give fixed personal guarantees to cover some debts in case of insolvency.

● The new partnerships could face penalties for wrongful trading – just like companies.

● Partners, like directors, could face disqualification.

Mr Lang said tha new LLPs would retain the advantages of partnarships – flexibility nf capital requirements, privacy of internal constitution, separation nf ownership and management, and the way they are taxed.

Most accountancy firms and many other partnerships of lawyers, surveyors, architects and actuaries are keen to take up the LLP shield against litigation.

Companies 'ahead of EU rules'

By Robert Taylor, Employment Editor

Britain's largest private sector companies already provida all their employees with workplace standards of treatment that exceed those required hy the European Union's social policy agenda, a Trades Union Congress report said yesterday.

It found that most of the top 50 companies have a working week of fewer than 48 hours and offer at least three weeks' paid holidays to all their staff. The companies also provide equal treatment for thalr part-time employees on pay and holiday entitlement.

"Tha aurvey ahows Britain's biggest and most successful companies are already offering their employees conditions that meet the minimum requirements of the EU's social chapter and the working time directive," said Mr John Monks, the TUC's general secretary.

The TUG said: "The companies understand the best way to recruit, retain and motivate workers is to treat them with concern and respect. None of them will have any difficulty in complying with the measures adopted under the social chapter of the Maastricht treaty."

The survey – carried out for the TUC by the independent Labour Research Department and based on written responses from 29 of the largest 50 companies – also found most of those covered pay their staff a minimum of more than £4.00 ($6.48) an hour and recognise and negotiate with trade unions. As many as 40 per cent of them also said they had agreements with unions to try to avoid compulsory redundancies.

● The TUG is to set up a commercial company to buy gas and electricity for union members in the liberalised energy market in return for a commission fee.

A number of new entrants to Britain'a competitive gas market view link-ups with groups and organisations with large memberships as a cheap way to develop a customer base.

So-called "affinity" selling has been particularly popular among the smaller gas suppliers, which do not have the resources to build up a customer base through traditional marketing methods.

margin and headquarters Operations in the island, but move manufacturing to cheaper, but equally well-run, areas.

The echame is co-ordinated by Singapore's Economic Development Board which facilitates and focuses this overseas investment. The project is an extension of what companiee were already doing when they set expected to be 70 sq km in size when fully developed, is "not making the kind of money bankers would be happy about", according to the EDB, bnt 78 projects have already been established, and a total of $2.1bn has been invested. Although Suzhou is at present a "huge drain on resourcea", the EDB is confident it will eee healthy returns when the 1999 when the first stage of its development will be mostly full. He says that an occnpancy rate of over 60 per cent would allow it to break even.

There is always the risk that these sites, with their low labour costs and efficient structures, will provide not enhancement bnt competition to Singapore. Mr Lim says: "In the longer term, it industrial parks all over Asia where the EDB is not involved.

Although Singapore's regionalisation is concentrated nn Asia, its inspiration comes from much further afield. "We compare ourselves with Norway or Sweden," says Mr Ho Meng Kit. "They have many world-class companies. Why can't we follow them?"

ARTS

An unusually good case made for 'Ivanov': Ralph Fiennes in the title role, with Justine Waddell as the young Sasha

Alastair Muir

Theatre/**Alastair Macaulay**

An oblique look at Chekhov

Enter the Almeida Theatre auditorium minutes before its performance of Chekhov's *Ivanov* starts, and there onstage you see Ralph Fiennes, as the play's eponymous protagonist, sitting, reading, in a state of nervous distress. He is at an oblique angle to the audience, and, during the first two of the play'a four acts, he remains almost constantly at one oblique angls or another, emotionally as well as physically.

No glamour here: we have few chances to admire the extraordinary hlue eyes, the length of neck, the palely glowing complexion. He does not even draw attention to his long hands. Instead, the downward pull at either end of the wide mouth is more obvious than usual. You have to admire the way this movis star plays counter to his popular image. As Ivanov, he gives us an authoritative and highly intelligent portrait of the character's alienation, of Hamletising depression, of alternating neurosis and staleness, of arrogance and self-hatred finaly alloyed. The strange thing is that obliqueness seems to be his natural condition: yet more natural to Fiennes than it is to Ivanov.

When, in two episodes in the play's latter two acts, he "opens up" to us, physically and emotionally, he still remains guarded, at one remove, shadowed. The handsome haritone voice remains – as they say in opera – veiled. Despite his rightness for the role, and despite the distinction of his acting at every stage, it is as if there is one remove between him and Ivanov. You observe; you admire; yon are at no point absorbed.

Maybe that is, here, the point. This *Ivanov* arrives at the Almeida in a new adaptation hy David Hare – working again with director Jonathan Kent, as previously in the 1990s on *The Rules of the Game*, *The Life of Galileo*, and *Mother Courage*. In his introduction to the Methuen text of this version, Hare – a good revisionist – argues that *Ivanov* is not an inferior example of the kind of play that Chekhov would later perfect in his four better-known masterpiecea, but is a first-rate example of another kind of play. OK: *Ivanov* is part-melodrama, part-satire, bitterly full of the Russian sense of *poshlost*, of the triviality and ennui of provincial life: a satirical attitude that had been vivid in Russian theatre since Gogol and that Chekhov never discarded. Its protagonist is as removed from his world aa Shakespeare's Hamlet or Molière's Alceste, a forerunner of the alienation variously depicted in our century by Brecht, Camus, et al.

OK: but *Ivanov* tends to get stuck in one rut or another, as the later plays do not; and too often we know what will happen next. This notwithstanding, an unusually good case is being made for *Ivanov* here. The last London staging, which involved Alan Bates and Felicity Kendal, was altogether more pallid and less richly detailed.

Those who recall John Gielgud and Vivien Leigh, much longer ago, tend to agree that they came to the play too late in their careers. Fiennes's acting style – a refined type of Brecbtian alienation maybe – certainly gives you a map-like demonstration of the character. By contrast, the irritating minor characters around him (wbat Molière called *les fâcheux*) – cast from strength – have an exaggerated liveliness.

Too exaggerated, actually: as so often in Jonathan Kent'a stagings, high-gloss acting is too brilliantly displayed. As the ultimate provincial card-playing bore Kusykh, Ian McDiarmid (joint director of the Almeida, here replacing the indisposed John Cater) does more acting on his every entrance than some artists do in their entire careers: at moments, I thought be bad turned into Steven Berkoff before my very eyes. Diane Bull, as the silly, vivid, saccharine, rich Bshakina, does some eochantingly funny acting (head tick-tocking to some ghastly piano music offstage even while she is listening to another character talk), and then overdoes it.

Oliver Ford Davies – as Ivanov's shabby uncle, Count Sbabyelski, the most vehemently misanthropic character of all – has some dazzling moments of caustic wit and self-laceration, but, like most of the minor characters bere, orates his lines with a volume worthy of the Olivier auditorium, not the intimate little Almeida. Anthooy O'Donnell, as Ivanov's vigorous bot cheating steward Borkin, and Rosemary McHale, as the demanding financier Zinaida, are the loudest and most tense of all. Bill Patersoo, as the latter's husband, the conflicted and wasted Lebedev, best catches the right mixture of sympathetic bumanity and its maddening reverse.

Lvov, the self-righteous doctor wbo shadows Ivanov and tries to denounce him, is very well played by Colin Tierney, who looks and sounds – perfectly – like a junior but stiffer version of Fiennes himself. As the young Sasha – who reads Ivanov's pain and takes him, as he puts it, "like s missionary" – Justine Waddell makes an excellent stage debut. Once she bas dropped those stiff rhetorical gestures, she will be twice as good. The final episode in which she rounds on Lvov before the assembled company is the production's most exciting passage.

The best performance of all is by Harriet Walter, as Ivanov's Jewish, tubercular, wife – the play's most poignant character, cut off from her religion, her family, her husband, and, soon, her life. Alone in this cast, Walter catches you up in her nervous system; alone, she makes the oh-so-Russian instantaneous swings from joy to despair convincing. Her heart seems in her mouth, in ber breathing, in her diction. Curiously, this helps the rest of the play. It is she who is dying, and this fact makes the living characters around her seem artificial, trivial, or – in her husband's case – defeated. Bit by bit, the elements of this production – individually often so questionable – fall into a proportion that is haunting and disturbing.

Almeida Theatre, N1. Sponsor: AT&T

Alastair Muir

James Laurenson as Arnold in 'The General From America'

Theatre/**Sarah Hemming**

Exploration of trust and betrayal

For Richard Nelson, a playwright who works on both sides of the Atlantic and who frequently writes ahout Anglo-American relations, it was surely only a matter of time before be tackled the War of Independence. And what a perfect subject he found in Benedict Arnold, the American military hero who swapped sides in the war and has been banished to the naughty corner of American history ever since. For in Arnold, generally dismissed in the US as a perfidious traitor, Nelson has spotted a character who could be used as a prism through which to view the complex tussle between the old and the new world.

In *The General From America* Nelson does not set out simply to rehahilitate Arnold, but he does suggest that the truth might have been more complex than people like to believe. He picks away at Arnold, hinting at one motive after another for his sudden defection.

When we meet the general, he is sitting in his garden, nursing the leg wounded in military action and listening to a list of complaints served against him, most of them to do with profiteering. He roundly proclaims his innocence, and his outrage that his devotion and skill should be rewarded in this manner.

Throughout the play, Nelson makes it plain that Arnold is a superb soldier and a man passionstely in love with his country. He also draws him as a man devoted to his sweet young wife, which makes his decision to abandon her, bugely pregnant, when he jumps ship, all the more striking, adding to the impression that he must have been sorely provoked.

So what does provoke him? Nelson puts forward the complaints against Arnold, the lsck of remuneration for his services, the apparent conspiracy against him, hut above all, his humiliation and shock when George Washington, whom he "regards almost as a father", publicly rebukes him for his conduct.

Dramatically, this even-handedness is frustrating. We want to emerge knowing wby he did it, and we doo't. And there is the frustration of missed opportunities. One senses the possibility for some really juicy writing as Arnold grapples with his conflicting feelings, but here be makes the jump from being hurt by Washington to plotting to have him ambushed without us being privy to the process in-between.

Thematically, however, the play is fascinating. Nelson explores trust and betrayal, pragmatism and idealism, on many levels. We see Washington forced to "betray" Arnold for what he believes to be the greater good; Arnold forced to "betray" his country; Arnold forced to "betray" his wife; his wife forced to "betray" him. And we leave with a sense of the messy, painful side of the hirth of the US.

There are some fine performances in Howard Davies's taut, atmospberic RSC production. James Laurenson plays Arnold as an old hulldog of a man: proud, defensive, gruff, hut also tender, passiooate and lovable. There are nicely shaded performances form Jo McInnes as his adoring young wife and Rachel Joyce as his jealously protective sister. Corin Redgrave makes you see something of Washington's dilemma, a man torn between saving one soldier or saving many, and David Tennant squirms as the young soldier who has to bring Arnold to book. In the English camp, Adam Godley is touching as the fey young Major Andre, who is foolishly allowed to try and pull in Arnold by his infstuated general (John Woodvine, making a good fist of a sketchily written part).

There are moments wben both play and production fail to convince. And no matter how many times Arnold strikes his chest and proclaims "I love my country!", it is not enough to illuminate his patriotism. This play may grip throughout, but it still does not get under the skin of the general from America.

Continues in rep at the Pit, London EC2 (0171-638 8891).

Concerts

Lyrical Ligeti

Given the impact of December's Ligeti concerts in London, it seemed unreasonable to hope this week's events would match their impact. So much for expectations. Wednesday's pair of concerts in the Queen Elizabeth Hall, the latest in the Philharmonia Orchestra's long-range Ligeti project, may have been smaller in scale, hnt they were more of an eye-opener because they captured Ligeti's personality over a hroader canvas. Here we had the advanced microtonal experiments of *Ramifications* (1969), the comic coloratura arias from *Le Grand Macabre* (1978), the compact rhythmic inventiveness of the piano *Etudes* (1985 onwards) and the melodic seriousness of the Violin Concerto (1990).

The concerto stood head and shoulders above the rest. Ligeti has said one of the reasons he accepted the challenge of writing a violin concerto was that it would force him to confront the problem of melody. But when it was first heard as a three-movement torso six years ago, ths initial impression was of a composer still grappling with new strncturea of harmony and rhythm. Frank Peter Zimmermann's performance of the completed five-movement work, with the Philharmonia conducted by Esa-Pekka Salonen, created a very different impression. It was little short of a revelation.

There is indeed a fascinating range of harmonic and textural subtlety, not least in the eerie use of ocarinas and some exotic strumming effects on the strings, but these are overshadowed by the concerto's sureness of form, tts rich, expansive lyricism and the scale of its musical imagination. In the Ligeti canon its directness of expression is almost unique, as far removed from the "Clocks and Clonds" cliché (which the Philharmonia has used to market its Ligeti project) as it is from the snbversive mask hehind whicb the composer likes to hide.

The nearest the concerto gets to that is the opening movement, which finds Ligeti up to all his old tricks with rhythm and intonation. The second and fourth movements have the character of an elegy – the one developed into a strange incantation, as soulful as any Hungarian composer ever composed, the other a passacaglia of almost unbearahle intensity. The central interlnde is a fluid melody built into a frenzy of cascading winds, while the soloist's cadenza in the finale echoes the gypsy traditions of Ligeti's native Transylvania.

Anyone familiar with the Walton or Szymanowski concertos will be no stranger to this territory. The orchestra may be small, but the size of Ligeti's ideas, and the ambition with which he develops them, are boundless. So it is good to find a violinist of Zimmermann's stature taking the concerto into his repertoire: be proved an ideal interpreter, he gliding throngh its technical challenges witb ease, and bringing a warmth of tone and radiant musicality to its melodies.

Rather than sbowcasing Ligeti's works alone, the Philharmonia has sensibly tried to set them in context. Wednesday's main concert framed the concerto and *Ramifications* with accounts of Ravel's *Mother Goose* suite and Bartók's *Music for Strings, Percussion and Celesta*. And in an early evening recital, we heard Ligeti in froth-nonsense-mode, in the shape of Elgar Howarth's 1987 arrangement of the *Macabre* extracts (brilliantly interpreted by Sihylle Ehlert), and Ligeti the inveterate games-player: Pierre-Laurent Aimard despatched all 15 *Etudes* with insouciant charm, without being able to hide the fact that some are extremely formulaic. Ligeti gives a talk tomorrow before the final concert in this gronp, and the programmes are repeated next month in Frankfurt, Bremen, Brussels and Paris.

Andrew Clark

INTERNATIONAL ARTS GUIDE

■ BARCELONA

EXHIBITION
Fundació Joan Miró Tel: 34-3-3291908
● *Exquisite bodies*: exhibition of works by artists Lilia LoCurto and William Outcault, examining the vulnerable nature of the human body using state-of-the-art technologies; to Mar 16

■ BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-203090
● *Rundfunk-Sinfonieorchester Berlin*: with conductor Serge Baudo and flautist Silke Uhlig perform works by Tchaikovsky, Mozart, Debussy and Bartók; 8pm; Feb 23

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Der Ring des Nibelungen: Siegfried: by Wagner. Conducted by Jiri Kout, performed by the Deutsche Oper Berlin. Soloists include René Kolln and Hnrst Hiestermann; 5.30pm; Feb 23

■ BRUSSELS

CONCERT
Palais des Beaux-Arts Tel: 32-2-5078200 (Concerts)
● Orchestre Symphoniqus de la Monnaie: with conductor Rudolf Barshai, bass Eldar Aliev and pianist Aleksandar Madzar perform works by Mozart and Shostakovich; 8pm; Feb 23

■ COPENHAGEN

OPERA
Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
● Dialogues des Carmélites: by Poulenc. Conducted by Jan Latham Koenig, performed by the Royal Danish Opera. Soloists include Lone Koppel and Catherine Dubosc; 8pm; Feb 24

■ DRESDEN

OPERA
Sächsische Staatsoper Dresden Tel: 49-351-49110
● Fidelio: by Beethoven. Conducted by Christof Prick and performed by the Staatsoper Dresden. Soloists include Waltraud Vogel, Ute Selbig and Klaus König; 7pm; Feb 23

■ FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Thomas Moser: performance by the tenor, accompanied by pianist Helmut Deutsch. The programme includes works by Schumann; 8pm; Feb 23

■ LEIPZIG

CONCERT
Gewandhaus zu Leipzig Tel: 49-341-12700
● Gewandhaus-Quartett: with pianist Shoko Sugitani perform works by Schubert, Shostakovich and Brahms; 6pm; Feb 23

■ LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
● Vogler Quartet: perform works by Beethoven; 7pm; Feb 24

■ LONDON

CONCERT
Barbican Hall Tel: 44-171-6384141
● London Symphony Orchestra: with conductor Michael Tilson Thomas, mezzo-soprano Jacqueline Mihura, alto Anna Larsson and the London Symphony Chorus perform works by Debussy; 7.30pm; Fsb 23
Queen Elizabeth Hall Tel: 44-171-9210600
● Orchestra of the Age of Enlightenment: with conductor Nicholas McGegan and mezzo-soprano Ann Murray perform works by Handel; 7.45pm; Feb 24
Royal Festival Hall Tel: 44-171-9604242
● London Philharmonic Orchestra: with conductor Paavo Berglund and the Borodin String Quartet perform works by Mozart and Smetana; 7.30pm; Feb 23
Wigmore Hall Tel: 44-171-9352141
● András Schiff: the pianist performs works by Schubert; 7.30pm; Feb 22

JAZZ & BLUES
Pizza on the Park Tel: 44-171-2355273
● Dennis Rowland: performance by the jazz vocalist accompanied by his quartet; 9.15pm & 11.15pm; Feb 21, 22

■ LOS ANGELES

EXHIBITION
Los Angeles County Museum of Art Tel: 1-213-857-6000
● Exiles and Emigrés: 1933-1945: this major exhibition of some 150 paintings, sculptures, and works on paper as well as an equal number of documents, books, ephemera, and audio and video material, focuses on the work of 23 well-known painters, sculptors, photographers, and architects in exile during the years of Nazi rule. It includes works by Kandinsky, Ernst, Chagall, Gropius and van der Rohe; from Feb 23 to May 11

■ LYON

OPERA
Opéra National de Lyon Tel: 33-72 00 45 00
● Orlando: by Handel. Conducted by William Christie, performed by the Les Arts Florissants. Soloists include Patricia Bardon, Rosemary Joshua and Hilary Summers; 8pm; Feb 24

■ MADRID

EXHIBITION
Fundación Cultural Mapfre Vida Tel: 34-1-5811628
● La Pintura Simbolista en España: display of 80 works by more than 30 Spanish artists from the second half of the 19th century, including Rusiñol, Nnnell, Néstor, Viladrich, Egusquiza and Camarasa; to Apr 6

■ MILAN

CONCERT
Teatro alla Scale di Milann Tel: 39-2-88791
● Bo Skovhus: performance by the baritone, accompanied by pianist Helmut Deutsch. The programme includes works by Schubert; 8pm; Feb 24

■ NEW YORK

EXHIBITION
MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400
● De Kooning in the Eighties: the paintings made during the 1980s by American artist Willem de Kooning constitute a largely unknown chapter in his career. With the exception of a small number of works shown in museums and galleries during the past decade, few of the paintings of the artist's final creative years have been seen. This exhibition contains about 40 paintings made between 1981 and 1987 chosen from public and private collections, selected from more than 300 canvases completed during the 1980s; to Apr 29

JAZZ & BLUES
Blue Note Tel: 1-212-475-8592
● George Shearing Quintet: performance by ths jazz pianist and his quintet featuring John Taylor, Kenny Wheeler and Norma Winstone; 9pm & 11.30pm; Feb 25, 26, 27, 28; Mar 1, 2

■ PARIS

CONCERT
Théâtre de la Ville Tel: 33-1 42 74 22 77
● György Sebők: the pianist performs works by Mozart, Schumann, Chopin and Liszt; 5pm; Feb 22

EXHIBITION
Institut Néerlandais Tel: 33-1-53 59 12 40
● *Les Néerlandais et Descartes*: biographical exhibition tracing the life and times of René Descartes; to Mar 2

■ ZURICH

CONCERT
Opernhaus Zürich Tel: 41-1-268 6666
● Alban Berg Quartet: with pianist András Schiff and double bass-player Alois Posch perform works by Schubert. Part of the Schubert-Cyclus; 8.30pm; Feb 24

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10.00
European Money Wheel
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17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Europa • Dominique Moïsi

Let history be the guide

With its war-torn past, Europe is well placed to broker peace in the Middle East

According to Georges Clémenceau, the French statesman who took charge of his country in the midst of the first world war: "War is much too serious a thing to be left to the military."

In the Middle East today, the peace process is too serious to be left to governments alone.

At the World Economic Forum in Davos earlier this month, Mr Hosni Mubarak, the Egyptian president, Mr Benjamin Netanyahu, the Israeli prime minister, and Mr Yassir Arafat, the Palestinian leader, met in the glare of the world's media.

But another, much more discreet, encounter that took place in Denmark last month may turn out to have been the more important.

More than 40 representatives of Egyptian, Israeli, Jordanian and Palestinian civil society met at the Louisiana Museum of Modern Art, 40km from Copenhagen. There, on the shores of the Baltic sea, they adopted the so-called "Declaration of Copenhagen", establishing an international alliance to promote a lasting peace between Israel and the Arab world.

The location of the meeting was highly symbolic. It was from this place in 1943 that nearly all the Jews of Denmark were evacuated in small boats to the haven of neutral Sweden. Fifty-four years later, Denmark was proving once again that small countries – animated by vision and goodwill – can make a difference.

The Copenhagen declaration was based on the belief that "people-to-people diplomacy" is crucial in the Middle East. Encouraged by the success of the Oslo agreement, which launched the Middle East paace process in 1993, the Danes sought to make their own contribution to the cause of peace in the Middle East – not in diplomatic terms, but at the non-governmental level.

The gathering started as an Egyptian-Israeli dialogue, bnt gained wider significance with the inclusion of Jordanians and Palestinians.

It acquired a new sense of urgency and relevance with the electoral success of the hard-lina Mr Netanyahu in Israel's general election in May last year and the mounting difficulties of the peace process.

"We need each other" was the motto at Copenhagen. A Palestinian under the age of 35, who had already spent 15 years of his life in an Israeli jail, said that, without peace, nearly half *his life* would *have* been "wasted".

For the signatories of the Copenhagen declaration, the efforts towards achieving peace in the Middle East will remain fragile as long as the links between the people of the region remain minimal. Intolerance, a refusal to acknowledge neighbours' existence, fear – these are products of ignorance that are fostered by the almost total absence of contact.

The meeting may become a historic event, not so much in terms of its content – a series of compromises based on generous but general principles – but because of the impressive list of its signatories.

> The European continent has known innumerable wars, which in retrospect appear as fratricidal as those of the Middle East

The delegations, in particular, were not the usual "peacenik cocktail". In addition to members of the Palestine Liberation Organisation, the Palestinian delegation included members of Hamas, the Islamic fundamentalist movement, and a representative of the Democratic Front of Mr Nayef Hawatme.

On the Israeli side as well, the delegation included representatives of the parties of the right, members of the coalition in power. This was truly a representative peace lobby in the making. It has already become the subject of a heated debate among Arab intellectuals.

In a region torn by violence and intolerance, the signatories of the Copenhagen declaration represent the silent majority – the common people of all sides who are tired of bloodshed and want peace so thay can lead normal lives.

But the declaration has also given Europeans – eager to play a role in the Middle East – a role beyond that of financing development after the peace which the US has assigned them. And the Danes are ideally placed to take the initiative because no one can question the intentions of their government – Denmark has no selfish interest to promote in the region.

In the 1970s and the 1980s, it was said that no war was possible in the Middle East without the Soviet Union and no peace without the US. Maybe initiatives such as those of the Danes will mean that in future Europe will be seen as holding the keys of reconciliation between Arabs and Israelis – and Israelis and Palestinians in particular.

The European continent has known innumerable wars, which in retrospect appear as fratricidal as those that have been fought in the Middle East. With its long historical experience, Europe is better placed to perform this role than the US with its relatively blessed history.

But Europe will not be easily accepted as a natural partner by Arabs and Israelis – success will require a combination of modest objectives and determination.

Mr Shimon Peres, the Israeli Labour leader who negotiated the Oslo accords, sees the European Union as the model of prosperity and peace for the Middle East. But most Israelis continue to see the EU in negative terms, partly because of the Holocaust.

Israelis also distrust the EU because of what they consider to be its ambiguous diplomatic role in the Middle East. This role culminated with the Venice Declaration of 1980 which, under the guidance of France, emphasised the right of the Palestinian state to existence.

For now, the Arab governments in general, and the Palestinians in particular, continue to see the EU as a balance to the US, which they perceive as being more favourable towards the Israelis than to themselves. Washington, however, is still regarded as the only actor capable of imposing a lasting peace.

For the Europeans, a "Scandinavisation" of policy over the Middle East – a combination of idealism and modest ambitions – would be the best contribution to the cause of peace. Such an attitude would not be to abandon power politics, but the proof that Europe could offer the lessons of its tormented past and present to others.

The outhor is deputy director of the Poris-based Institut Françoís des Relations Internotionales ond editor of Politique Etrangère. *He writes here in o personal capacity*

·LETTERS TO THE EDITOR·

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Latin American economies have yet to face the true test

From Mr Ian Campbell.

Sir, In your comment on Latin America ("Toughened by experience", February 10) you write that governments have become "more attuned to the risks of an overvalued exchange rate since the Mexican crisis".

But Brazil is relying on its currency as an anchor for its stabilisation programme, the Mexican peso has been appreciating in real terms since the end of 1995, the Argentine peso is strong (though becoming less so in real terms, as yon point out) and Venezuela is also targeting a strong and, de facto, fixed exchange rate.

Latin America's growth prospects are quite good this year but I am not sure the evidence supports your claim that sustainable growth is in sight. Argentina and Mexico are still in the early stages of recovery from the recession of 1995. Their current account positions are fine now but the true test will come when domestic demand picks up. The Brazilian government curbed gross domestic prodnct growth in April 1995. When growth picked up again, in late 1996, record monthly trade deficits were recorded.

What is most encouraging in current developments is that governments in the region are working with great determination to overcome political resistance and implement further economic reforms. The statistics demonstrate that they need to do so.

Ian Campbell,
chief economist, Latin America,
ABN-Amro Hoare Govett,
Amsterdam,
The Netherlands

Innovative Singapore

From Dr. Georges Haour.

Sir, Your special report on Singapore (February 18) fails to emphasise the underlying drive by Singapore to make innovation a key growth-hormone for its economy. The irony is that the first page of that report carries a half-page advertisement from Singapore's Economic Development Board, which clearly conveys this emphasis on home-grown technical innovations.

Indeed, Singapore is remarkably determined to turbocharge its economy through innovations, of a technological nature for a large part. The key agency in this area, the National Science and Technology Board, has an annual budget of about US$1.2bn: for a population of 3m people, this is commitment!

As an Asian "clone" of this other hub, Switzerland, Singapore is well postioned to become a technological platform for the region. Already in 1995, Singapore counted 13,000 people active in the broadly defined area of R&D activities.

Georges Haour,
professor of technology management,
IMD-International Institute for Management Development,
Lausanne,
Switzerland

Genetics implications unacceptable

From Mr Barney Harford.

Sir, The discussion of the implications of genetic research ("Genetic tests", February 19) was a timely warning. Genetic research looks set to create a whole new sub-class of genetically diagnosed "pre-symptomatic ill", with many attendant implications.

Most people are unaware that it was in fact the US that led the eugenic movement of the early 20th century. Similarly, most people are unaware that the spectre of a second wave of eugenics looms over the US again, a direct result of the combination of predictive genetic techniques and a healthcare system funded by risk-related premiums.

Already in the US, mothers have been forced to abort foetuses genetically predicted to be "abnormal" by insurance companies that effectively define "abnormality" on the basis of high predicted future healthcare costs.

A mother's failure to comply risks her bringing a baby into the world without access to healthcare of a reasonable quality.

For many of us, such a developing state of affairs is unacceptable. Yet we cannot deconstruct a scientific discovery retrospectively, as Einstein must often have lamented. The US is at the top of a very steep and slippery slope. The possibility of a eugenic future ushered in by genetic determinism does not bear imagination.

The only solution for us in the UK is to ensure that we guard dearly our national system of healthcare, funded by us on the basis of ability to pay, and not on the basis of individual risk.

Barney Harford,
The Kalchas Group,
70 Wilson Street,
London EC2A 2DB,
UK

Heavy stress on good management

From Mr Erik Krogh Sites.

Sir, While everyone still has a copy of the February 17 edition of the FT lying around they should read page nine. At the top, we read ("Ticking over efficiently") about the countless offerings to improve upon "time management" *management*. Then, in the next article down ("Funny thing about jokes") we are warned about the use and abuse of humour in business, alas another management dilemma. Finally, Lucy Kellaway, in her inimitabla manner, delivers the final salvo, taking to task yet three more management fads ("When stress terror tactics are delivered by the book"). First, she rails against a trendy book on "stress" management; second, she surely mocks how companies stress (pun intended!) employee "perk" management; third, her parody of a new book on "networking" management provides the *coup de grace*, implying that personal business contacts are the same as equity shares one "holds", "divests" or "invests".

Imagine if the FT editorial staff had devised such a page-nine assortment of articles to stress the reader and jolt him or her into a new awareness. That message, though, might be too subtle for the stressed-out Monday morning managers flipping through the FT; let us make sure that it is not.

As a consultant, I am troubled to see a profession awash with learned counsel. In trying to separate the wheat from the chaff, one cannot but question the intent if not the motives for so much excursive writing. Beyond cynicism and overload, however, page nine should remind us that management is not rocket science, but (good) politics, sociology, intuition and common sense. But that, unfortunately, does not sell well in tha over-stressed management bookshelves in bookstores.

Erik Krogh Sites,
Prins Bernhardlaan 58,
3116 HE Schiedam,
The Netherlands

A political success

From Mr Claude Roessiger.

Sir, It is surprising that your lengthy article concerning Mexican political parties ("PRI is no longer the only party in town", February 18) never mentioned the PAN, Mexico's free-market party.

The PAN has succeeded in electing many officials, including state governors. One might have believed from your article that the socialist PRD was next most important to the PRI.

Clande Roessiger,
chairman,
PAK 2000,
Mirror Lake,
NH 03853,
US

George Graham on the move by supermarkets into banking

Rules of the card game

A retailer that refused to sell customers fine wine or smoked salmon in the belief they could not afford to consume such products would be unlikely to prosper.

But Tesco and J. Sainsbury, the two largest UK supermarket chains, may find they have to do just that in the case of their latest product – in-house credit cards.

The shift into financial services may also force supermarkets to change their management practices to conform to the tighter standards of prudence generally required in banking. This has implications not only for the financial success of supermarket banking but also for regulators.

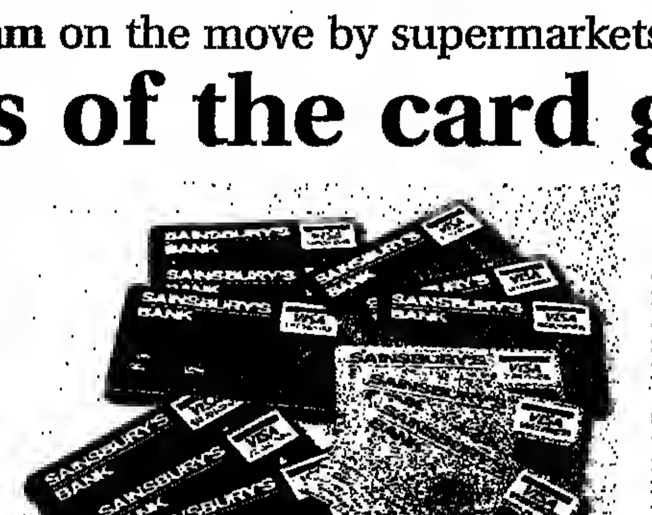
The latter have had little to say about the impact of the big supermarket chains on the market for milk or petrol. They might also be unconcerned if Sainsbury or Tesco, which drove down the prices of those products, took a similarly aggressive approach to fat credit-card margins.

But Mr Eddie George, governor of the Bank of England, argues that banks still need a special degree of oversight, because of their importance to the economy and because of their vulnerability to any loss of public confidence. Such oversight could prove an unwelcome constraint for retailers.

Sainsbury this week launched its own Visa credit card through the bank it has set up in partnership with Bank of Scotland. Tesco plans to launch a credit card this summer in conjunction with Royal Bank of Scotland.

Whether credit cards and supermarket trolleys will mix is questioned by Mr Richard Reay-Smith, head of personal banking at Barclays Bank, whose Barclaycard division dominates the UK credit-card business with a one-third market share.

"What a retailer has to do is get as many people through his door as possible,



On credit: Sainsbury has launched its own Visa card

and sell them as much as possible," he says. "What a credit-card issuer has to do is turn down probably more than half the people who want to buy his product."

At present, Barclaycard rejects 45-50 per cent of applications, though it still added 900,000 new accounts last year.

That sort of rejection rate could create customer relations problems for a supermarket making a foray into financial services. Conversely, accepting too many credit applications for fear of offending customers could lead to bigger problems still.

Mr Rodger McArthur, who describes himself as "the crusty, disciplined banker" in charge of Sainsbury's Bank, is in no doubt that banking management practices must prevail: "A very strong rule is that the bank will be run on sound banking principles. If the right decision is to decline a credit-card application, we won't overrule that decision."

But this does not mean that retailers cannot bring marketing flair to the new bank, he says.

Mr McArthur is confident that, thanks to Sainsbury's relatively upmarket customer base, he will not have to turn down anything like as many applicants as Barclaycard does. Carefully targeted direct mail will yield a rejection rate of between 10 and 30 per cent, he hopes.

Even that rate could cause problems, however. Analysing a potential customer's creditworthiness has become a very precise science, but it is still not a perfect science. Mr Alan Blinder discovered just that when he was turned down for a Toys R Us credit card in the US – while serving as vice-chairman of the Board of Governors of the Federal Reserve.

Rejecting too few applications, on the other hand, could be even worse. Heavy write-offs on credit-card portfolios in the US last year delivered a sharp reminder that even the most sophisticated database marketing can result in bad debts.

Safeway, another of Sainsbury's supermarket rivals, may have chosen wisely in opting to issue Electron direct debit cards – rather than credit cards – with the interest-bearing account it is launching this month in partnership with Abbey National.

Since every Electron transaction is authorised in real time by computer, there is no danger of the cardholder failing to settle the bill. Safeway, therefore, will not be obliged to reject any customers as bad credit risks.

Other potential pitfalls await those supermarkets moving into banking, such as different management, recruitment and accounting practices.

Take shrinkage – the stock losses that show up in the management accounts of many retailers. Shrinkage may include rotten fruit or the cereal box that bursts on its way from the warehouse, but it also includes an important element of theft by staff as well as by shoplifters.

Banks too suffer from shrinkage. But the risk that a relatively junior employee could turn to fraud requires a different sort of control on recruitment. "If supermarkets are going to start offering banking services, they are going to have to start operating banking recruitment practices," comments Mr Simon Bevan, who runs the fraud team at the accountancy firm of Arthur Andersen in London.

It boils down to the old question of whether banks are different. Regulators have for years answered in the affirmative. In the interests of protecting depositors, they have placed controls on banks' management structures and business decisions that would be unacceptable in any other sector.

The supermarkets seem to agree. They have put their financial services ventures into a separate subsidiary, in the case of Sainsbury, or handed over their management to traditional banks, in the case of Tesco and Safeway.

It may be prudent for supermarkets to manage their new credit-card ventures in the cautious manner of bankers, rather than in the aggressive style they have adopted in food retailing. But this may make it harder for them to do to the price of credit what they have done to the price of milk.

The project is an extension of what companies were already doing when they set drain on resources", the EDB is confident it will see healthy returns when the not enhancement but competition to Singapore. Mr Lim says: "In the longer term, it Kit. "They have many world-class companies. Why can't we follow them?"

FINANCIAL TIMES

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Jiang faces the world

China's leaders have decreed a brief six days of mourning for Deng Xiaoping. Then they must face the daunting challenges he has left behind. It will be an acutely sensitive tima, as the world watches for signs of a power struggle at home, and any retreat from the open-door policy abroad.

Top of their agenda must be Hong Kong, and the challenge of absorbing a potentially rebellious capitalist enclave in July. Then within months they must hold the Communist party congress, which will shape the leadership for the millennium.

The country can ill afford a leadership dispute which would distract from these challenges. But Deng was a revered figure with the power, even from his deathbed, to unify the nation. His loss means decision-making is likely to become more cumbersome. China's rulers will tend to err on the side of caution as the hierarchy adjusts to the new reality. That suggests a heightened risk of tension in Beijing's dealings with the outside world.

It would be simplistic to think that President Jiang Zemin will prove to be a stop-gap leader. He is no visionary, but he has used his time in office to consolidate support, and there is no obvious rival. Mr Jiang has paid a price for the coalition he has built, however. Partly to satisfy the military, he has become more conservative: evident in China's greater stridency over Taiwan, its harsh stand on Tibet, its suppression of dissidents, and in its tough line on civil liberties in Hong Kong.

The handover of Hong Kong will be a critical test. Yesterday's confirmatioo from Mr Tung Chee-hwa, the future chief executive, that virtually all the present top government officials will remain in post, is reassuring. There is nothing oow to stop the handover proceeding smoothly in an administrative sense. But it must be seen as a success if Mr Jiang is to retain his authority in Beijing.

The transition would be smoother if China were more amenable on civil liberties and damocracy, but Mr Jiang's domestic constituency will pusb him in the opposite direction. A liberal stance in Hong Kong might prompt clamour for greatar toleration at home, something which an insecure regime cannot concede.

Maintaining business as usual will be a real test of Mr Jiang's leadership in the coming months. In the domestic economic sphere this may oot be too difficult. Thera is broad agreement that reform must continue, although some may quibble about its pace. Greater difficulty lies in domestic politics and external relations. The more China can manage to prevent its internal political battles spilling over into authoritarianism and an inward-looking policy, the better.

The outside world cannot interfere in China's internal political process. But the west can assist by making sure its policy is both clearer and more consistent than in the past, not least on the critical issue of China's negotiations for membership of the World Trade Organisation. For Mr Jiang, the test will be whether he can make the political sacrifices necessary to reach speedy agreement.

Russian roulette

Few investors with a taste for emerging markets have been able to ignore the remarkable recent performance of Russian stocks. The market rosa more than 150 per cent in dollar terms last yaar, and has not stopped rising yet. Stock values are up a further 50 per cent since the start of 1997. The mad dash into Russia promises to make some investors – and some Russian companies – very rich indeed. Whether it will lay the groundwork for an effective form of capitalism is another matter.

The stock market's success will only filter through to the real economy when it provides more than speculative gains, enabling companies to raise mnch-needed investment capital and new owners to taka control of companies and turn them around. For the market to do either of these things, Russian companies will have to become much more transparent, and much more respectful of shareholders' rights.

At present, foreign investors often have only minimal information on companies' assets and returns. Even where companies seem clearly undervalued relative to their underlying assats (as with many of the large energy companies), recent examples of shady insider deals raise anxieties that those assets will have mysteriously vanished when shareholders finally open the books.

In theory, the Russian Securities and Exchange Commission is meant to guard against such abuses. But the signs are that investors' demand, rather than formal regulatory bodies, will do more to force the emergence of better corporate governance.

The decision of a group of domestic and foreign investors, announced yesterday, to take one of Russia's largest manufacturing companies to court to make it respect their shareholder rights, sets an encouraging precedent. Just possibly, the desire to avoid a costly legal battles may deter others from depriving shareholders of their rightful say.

Equally, the success Russian companies such as Gazprom have had in issuing American Depositary Receipts in the New York market will give companies a further incentiva to clean up their act. Issuing ADRs requires companies to meet far more stringant reporting requirements than in the domestic market, but the gains to companies far outweigh this loss of discretion. The trick, in future, will be to induce companies to make the same judgment in the home market.

Health pains

This weak'a figures for the waiting lists at National Health Service hospitals are bad newa not just for the UK government but for the service itself. The small but significant rise in the numbers waiting over a year – up by 6,900 to just under 22,000 – reverses a trend which has aean a spectacular drop from 200,000 over the past five years.

Tha reason is not hard to identify. To the standard pressures on health spending – a slowly ageing population and the costs of medical advance – two factors have been added. A continuing, though poorly understood, rise in emergency admissions, plus the extraordinarily tight financial settlement for the NHS this year.

Tha change in the trend may be more than merely temporary, however. Next year's NHS settlement, while more generous, will still leave the real terms increase in spending averaged over tha two years at below 3 per cent – the figure which recent history demonstrates is needed to allow the NHS broadly to keep pace with rising expectations and the ability of modern medicine to deliver. The outlook for the following year, under spending plans to which Labour too is now committed, looks even bleaker.

There is a real danger here. In most other walks of life rising wealth has tended to deliver greater choice in pleasanter surroundings. The NHS, squeezed on revenne and desperately short of capital through the failure to date of the private finance initiative to take off, is having trouble matching that. Over time, if these constraints continue, the risk is that more people – both those who supply the service and those who receive it – will become disillusioned and attempt to opt out.

Yet the private sector offers little in the way of salvation. Medical insurers face the same pressures of medical advance and rising claim rates that defina part of the health service's problem – and for cover that is less comprehensive than the NHS provides. Their ability to control costs has proved poorer than that of the NHS. Premiums have risen so far ahead of inflation that the Office of Fair Trading has judged the increases "unsustainable", a view confirmed by an apparent fall since 1990 in the numbers covered, despite the end of the recession.

These facts of life underline the extent to which the NHS remains a bargain for UK taxpayers. Too tight a squeeze for too long and its future will be in doubt.

The dragon's new head

Jiang Zemin is taking control of China following Deng Xiaoping's death, but his every move will be scrutinised, says **Tony Walker**

The emperor is dead, long live the emperor! President Jiang Zemin has speot years preparing to assume the mantle of China's leader after Deng Xiaoping, but he could be excused for feeling overwhelmed by the task.

Mr Jiang, whose official titles also include general-secretary of the Communist party and chairman of the Central Military Commission, faces a heavy burdeo in guiding China towards the new millennium.

An incapacitated Deng had ceased to wield direct influence but, as long as he survived, he provided cover for China's rulers to pursue policies in his name. Now the 70-year-old Mr Jiang, at the ceotre of a collective leadership, will have to take responsibility in his own right.

This poses the question, raised by one western analyst yesterday: "Does Jiang Zemin measure up to the cold winds of reality now that Deng Xiaoping is no longer with us?"

It was Deog who set the course for China in the latter part of the 20th century, but it will be for Mr Jiang and his colleagues to implemeot that legacy.

Challenges abound in wbat is politically a critical year. China's resumption in July of sovereignty over Hong Kong, a process that will be the subject of intense scrutiny, will be a significant test. Chinese leaders are also preparing for a National Party Congress, due in October. The importance in the Communist party calendar of this event, held evary five years, can bardly be exaggerated.

But Deng's death also preseots China's leadership with opportunities. His long illness weighed heavily on the system, preventing his successors from asserting themselves. Now they will be less constrained, although every statement and every decision in this new period will be minutely examined at home and abroad.

"Jiang Zemin begins a highly political year in a strong position," says Mr Kenneth Lieberthal, professor of Chinese History at Michigan university. "But, with a new leadership feeling its way, there is always the danger of stasis setting in where countervailing interests cannot be resolved."

Mr Jiang's leadership abilities have not been fully tested, but analysis give him credit for methodically consolidating his bold on power by cultivating various wings of the party and the powerful military. A former mayor and party secretary of Shanghai, in 1989 he was plucked from relative obscurity to become a stop-gap leader of the Communist party after the crisis provoked by the massacre of student protesters in Beijing's Tiananmen square.

"Jiang Zemin could not bave done any more," says ooe analyst. "He has done all the right things and got himself into a pretty good position."

Now at the helm, Mr Jiang's immediate task – after presiding over Deng's funeral – is to convince tha country and the international community thet he is firmly in control and committed to pressing on with reforms. Investors, in particular, will be highly sensitive to any indication of disarray in the decision-making process.

The post-Deng leadership will be at pains to convey an impression of solidarity, but several unresolved issues could disturb the peace. In the lead-up to the party congress, contentious personnel decisions will be required, including the composition of a new standing committee of tha politburo – the country's most powerful body.

A replacement for Premier Li Peng, who retires early next year after serving two terms, will also be needed. Leading contenders include Mr Li Lanqing and Mr Wu Bangguo, both vice-premiers. But other figures are in the wings and arguments persist over the merits of various candidates.

In this tug-of-war over personnel changes, Mr Jiang has so far not had things his own way, indicating limits to his authority and the potential for future difficulties in pushing through his own agenda.

When the leadership meets in August at Beidaihe, its summer retreat east of Beijing, it will put finishing touches to a slate of new appointees. It will also approve a policy review of developments in China since the last party congress in 1992, as well as setting guidelines for the next five years.

These policy documents are critically important in China, much more so, for example, than the State of the Union address in the US. They are subject to endless argument and debate. Mr Jiang presided over the 1992 congress in his capacity as party general-secretary, but this year's gathering will be of much greater significance both for him and the party itself.

For the first time since Deng initiated China's aconomic reforms at the Third Plenum of the 11th Central Committee in 1978, he will be neither a participant nor a presence behind the scenes. The spotlight will be firmly on tha new leadership, particularly Mr Jiang.

It would be misleading, however, to cast Mr Jiang's role so far as merely a custodian of Deng's policies. Given that Deng had been incapacitated for the past two years, many recent policy achievements are those of Mr Jiang and his colleagues.

Perhaps the most significant is the recent reduction of inflation to below double digits from a post-1949 revolution high of more than 20 per cent in 1994, while maintaining fast economic growth.

The "soft landing" has boosted government confidence in its economic management and helped to strengthen consensus within the leadership about the need for prudent fiscal and monetary policies. Deng's death will probably reinforce a cautious approach towards economic reform, especially given the political sensitivity of this year.

"One would not expect much to be done as far as new economic initiatives are concerned between now and early next year at the time of the National People's Coogress which will elect a new premier," says a western official. "But at the same time the leadership cannot stand still."

Mr Jiang will face the perennial problem of how fast to pursue reform of state enterprises, especially with unemployment rising sharply. In their efforts to turn the screws on loss-making enterprises, the authorities need to assess the risk of escalating the sporadic protests of laid-off workers into widespread instability.

Mr Jiang has other economic headaches that are hardly less burdensome. Balancing development between the wealthier coastal provinces and impoverished inland areas is one concern; another is the often tense relations between the centre and the provinces.

Mr Jiang will also, sooner or later, bave to tackle the vexed issue of political reform, though there appears little appetite within the leadership for making big changes to the political institutions.

"The challenge for Deng's successors is whether they can create a new legitimacy that will be the basis for completing China's transition into a functioning, modern nation-state," says Mr Lucian Pye, professor emeritus of political science at Massachusetts Institute of Technology.

Other unfinished business includes a possible revision of the official verdict on the 1989 Tiananmen square massacre. Influential party members are quietly demanding sucb a revision. They believe tha party's credibility would be bolstered by admitting that excessive force was used and that it was inappropriate to brand student protasters as counter-revolutionary criminals.

The death of Deng – who sanctioned the suppression of students – has opened the way for a revision. But sucb a step is probably some way off and would be approached witb great caution, given the implication for figures such as Premier Li Peng, who was partly responsible for the crackdown.

Mr Jiang's handling of such a process, like Deng's oversight of the verdict on Mao Zedong's contribution to the revolution, would provida a significant test of his leadership.

Mr Jiang will be preoccupied with such domestic questions, but ha also faces a hectic international schedule. China's relations with the US bave moved up several gears with the scheduled visit next week of Mrs Madeleine Albright, the US secretary of state, and in March of Mr Al Gore, tbe vice-president.

Presidents Jiang and Bill Clinton are expected to exchange visits over the oext 12 months. China's leader has made no secret of his desire for improving ties with Washington.

Mr Jiang is already a familiar figure at Asia/Pacific Economic Co-operation summits, and more is likely to be seen of him at other international forums.

China's new leader will have ample opportunity in the next year to showcase his abilities on a national and international stage. His performance will be watched carefully for any signs of faltering. For China's leadership, and for Mr Jiang in particular, the stakes are high. Ha cannot afford to stumble.

· O B S E R V E R ·

Driving Mr Wisner

■ Frank Wisner, the American ambassador to Delhi, is flying the flag. Now US car giant General Motors has introduced its Astra model on to India's roads, Wisner has sensibly borrowed one.

He's swapped over his diplomatic plates and, for good measure, hoisted the stars and stripes on the front wing. Delhi cocktail parties have since been hearing about the Astra's air conditioning, ride quality, and side-impact protection.

Given that Ford has just introduced its debut model in India, protocol dictates that ambassadorial props will be fitted next to a 1.3 litre Escort. Indeed, Wisner may set a trend. Look out for Japan's ambassador cruising Delhi's boulevards in a Mitsubishi Lancer, Korea's in a Daewoo Cielo and Italy'a in a little Fiat Uno. Lacking any UK motor industry presence in India, poor David Gore-Booth, the British High Commissioner, will have to make do with his blue Rolls-Royce.

Taste test

■ The French courts yesterday saw the end of a bitter case concerning the new Milos Forman film *Larry Flynt*, about the life and times of the American pornographer of the same name.

This being bot-blooded France, the religious groups taking the distributors to court did not object to the content of the film itself; their target was a poster campaign depicting the leading man in a provocative crucifix-style pose.

But this being fiercely secular France, the jndges struck out the case. They added that they found the poster in bad taste, but since officials of the Catholic Church itself had not taken action, the court saw no reason to order a ban.

Team leaders

■ Ukrainian politics look like an enigma wrapped inside several riddles. Nowadays, Kiev watchers are getting their best tips on what'a really going on from an unlikely source – the old Communist Party youth broadsheet.

Molodaya Ukraina last week ran a scathing piece on the agriculture minister and days later he was fired. This week it's the finance minister, Valentin Koronyevsky, who gets similar treatment, with no-holds-barred allegations of cronyism and mismanagement.

It's no accident the attacks coincide with President Leonid Kuchma's new anti-corruption drive. But cynical Kiev hands doubt Kuchma's "clean hands" campaign goes beyond a good, old-fashioned political purge, given that all the targeted ministers are allies of prime minister Pavlo Lazarenko.

Similarly, it's no accident that Molodaya Ukraina's editor is Kuchma's former press spokesman. Asked how close the paper and the president's aides are, the editor replies: "Let's just say we're on the same team." You might as well be getting it from the horse's mouth.

Demonic plot

■ Hell hath no fury like a senator suspended. Miriam Defensor-Santiago, the firebrand anti-corruption senator who lost by a whisker to President Fidel Ramos in the 1992 elections, has been suspended from the Philippines senate for 90 days.

Santiago has herself been accused of violating an anti-graft and corruption act by approving the legalisation of aliens who arrived in the Philippines beyond the cut-off date in 1984. Subject to confirmation by the Senate ethics committee, Santiago could be out of the senate within a matter of days.

Not known for taking defeat lying down – she contested the results after the last presidential elections – tha fiery Santiago, who is chairman of the Senate committee on constitutional amendments, accused Ramos of concocting a "demonic, satanic, sinister infernal plot" to oust her. Tha plot, ahe contends, is intended to pave the way for a change in the constitution which would allow him a second term as president.

The debate over constitutional change is arousing strong passions in Asia's most unruly democracy. Santiago's last speech on the subject was a vitriolic attack on the courts, the commission on elections and, of course, President Ramos himself.

Absent friends

■ The French press seems to have got its history slightly wrong in persistently dubbing as "a Yalta agreement" tha government's vain efforts to bring Lagardère and Alcatel together to jointly bid for Thomson-CSF.

The February 1945 meeting was, of course, an agreement between the US, Britain and the Soviet Union to carve up post-war Europe – which is precisely what the government does not want to happen to Thomson-CSF.

But then France wasn't present at Yalta, which perhaps explains the tendency to remember it as more of a meeting and less as a carve-up.

The Financial Times

50 years ago

Independence For India
Mr. Atlee, the Prime Minister, said in the Commons yesterday that the present state of uncertainty between the parties in India was fraught with danger and could not be indefinitely prolonged. It was the British Government's definite intention to take the necessary steps to effect a transfer of power into responsible Indian hands by not later than June, 1948. The Prime Minister announced the termination of the appointment of Field Marshal Lord Wavell as Viceroy of India and the appointment of Lord Mountbatten as his successor.

Australian Bank Merger
Two Australian banks, with combined assets of nearly £200 millions, are to be amalgamated. Directors of the Bank of Australasia and the Union Bank of Australia recommend the merger on a share-for-share basis. Shareholders of the Union Bank, which has a capital of £4,000,000, will receive one £5 share (with a reserve liability of £5) in Bank of Australasia for each of their £5 shares, which carry a reserve liability of £10. The Financial Times understands that negotiations for the merger of these two well-known institutions have been proceeding for more than 18 months.

FINANCIAL TIMES
Friday February 21 1997

EU 'losing billions to cross-border crime'

By Neil Buckley in Strasbourg

International criminals are exploiting tbe removal of border controls in the European Union and a lack of co-operation between member states to avoid customs duties worth billions of ecus, according to a European Parliament inquiry.

The failure of the European Commission, EU ministers and customs services to clamp down on smoggling – mainly of cigarettes – costs at least Ecu4.5bn ($5.19bn) in lost revenues a year, the inquiry report says. But the total may run into tens of billions.

The report on "transit fraud", with its recommendations for counter measures, will be debated by tbe European Parliament next mootb.

The probe began in December 1995, and was tbe first under investigative powers granted to the parliament in the 1992 Maastricbt treaty.

Brussels is accused of failing to use budgeted funds to create computer systems to coordinate goods monitoring. Member states and customs services are also criticised.

Closer EU co-operation to fight cross-border crime following creation of the single market is a central topic in negotiations on a new Union treaty, due to be signed in June.

The EU's transit regime allows goods to enter its territory without paying dnty, provided they cross and leave the single market intact, or pay duty at tbeir final EU destination. Tbe regime bas been extended to European Free Trade Area countries.

But the report says many goods never reacb tbeir official destination, and supposedly trans-EU cargoes end up in EU states, without paying duties.

Archaic monitoring systems cannot cope with 18m transit operations a year, and are easily circumvented by criminal groups using incomplete or forged documents.

The victims are often freight forwarding companies which give financial guarantees that cargoes will reach their destination. When goods go astray, customs offices claim the guarantees rather than chasing the fraudsters or tightening up their regime, the report adds.

Mr John Tomlinson, chairman of tbe parliamentary inquiry, said that these financial guarantees, in lieu of duty, were estimated at Ecu450bn a year. Even a 1 per cent fraud rate would be worth Ecu4.5bn and the true total might be many times higher.

Efforts to tackle frand are hampered by different legal systems, lack of cross-border co-operation and complex bureaucracy, the report says.

The report's recommendations include computerisation of transit monitoring, creation of EU-wide customs investigation and training bodies, spot checks on goods in transit, and the creation of a European "judicial directory" to harmonise customs laws.

Chilean utility risks loan default in environment row

By Imogen Mark in Santiago and Mark Suzman in Washington

The International Finance Corporation, the private-sector arm of tbe World Bank, is threatening to declare leading Chilean company Endesa in default on a loan for failing to meet environmental conditions in its lending contract.

Endesa, Chile's biggest private generator and one of its bluest cbip companies, has just joined the exclusive "century bond" club with the issue of $200m in 100-year bonds.

The unprecedented warning was given in a letter this month to Mr Eduardo Aninat, the Chilean finance minister, by Mr James Wolfensohn, the World Bank president, who indirectly urged tbe Chilean government to mediate.

The IFC loan, for $150m, relates to the Pangue hydroelectric project, the first of two big scbemes which Endesa is building on the Bio-Bio river in southern Chile.

Pangue, a 450MW plant, is due to be inaugurated by President Eduardo Frei next month. But the projects have been attacked from the outset by local and US environmental gronps because the areas being flooded are bome to some 50 small communities of Pebuenche Indians.

Partly as a result of these pressures, the IFC made several conditions in the loan contract, setting up a trust foundation to help the Indian families who would have to be resettled, and setting terms to evaluate and minimise environmental impact.

However, in his letter Mr Wolfensohn said Endesa bad not complied with the agreed conditions. "We have spent the past several months trying to find an agreement with Endesa regarding the accumulative impact assessment of Ralco [the second project] and other outstanding environmental and social issues concerning Pangue, but with little, if any, result," be wrote.

"If Endesa continues on the course it seems to have chosen we are beading towards a conflict and we will have no choice but to declare Endesa in default."

The IFC said yesterday that since the letter was sent on February 6 a high-level delegation bad visited Chile and "some progress is being made". He expected further meetings soon.

Mr Wolfensohn also threatened to make public two independent reports prepared last year at the urging of the green lobbies on the Pangue and Ralco projects. One report, by Professor Theodore Downing of Arizona University, was completed last May, but has not yet been publisbed.

Endesa insisted yesterday that it had complied strictly with all its obligations.

Life carries on in Deng's capitalist crucible

Continued from Page 1

trihnte. China's paramount leader, a renowned pragmatist, was an advocate of business as usual. And the city's buzz suggested that, in Shenzhen at least, his reforms have taken deep root.

But Sbenzhen is effectively just sixteen years old, and in the eyes of China's more conservative leaders it has not proved an entirely sncessful experiment. With afflnence and industry bave come vice and corrnption. Anti-graft riots in 1992, sent a shiver down the leadership's spine.

Jiang Zemin, now at the centre of Beijing's core leadership, has set great store on ideological valnes, one of the few commodities in short supply in Shenzben.

Deng remains on the billboard, underneatb a slogan decreeing 100 years of unchanged direction. But be is no longer around to steer.

● Mr Tung Chee-hwa, Hong Kong's future leader, will retain all the top government policy officials in his administration after the colony returns to Chinese sovereignty on July 1, he said yesterday.

"The appointments ensure continuity in the civil service which will belp to maintain the stability of Hong Kong," Mr Tung said shortly after his return from Beijing, where his choices had been approved by China's central government.

Hume hits at Sinn Féin as 'vote for violence'

By John Murray Brown in Dublin

Mr John Hume, one of the architects of the Northern Ireland peace process, yesterday warned that a vote for Sinn Féin in the British general election would be a vote for "the killing of innocent human beings by the IRA".

Mr Hume's strongest criticism of the republican movement suggested that his moderate nationalist Social Democratic and Labour party was about to break with Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA. The two started talks about a Northern Ireland peace process in 1992.

However, Irish officials said the SDLP leader was probably trying to counter a challenge from Sinn Féin for the Catholic vote in the election. Sinn Féin achieved a record 15 per cent of the vote in elections for the Northern Ireland assembly last year.

The critique, which was published in the Irish News, Northern Ireland's main nationalist newspaper, comes amid signs of hardening attitudes towards Sinn Féin in Dublin, and suggestions that the US administration may be taking a sceptical view of the party's commitment to non-violence.

Ms Madeleine Albright, US secretary of state, said in London this week that President Bill Clinton wanted to see "a credible ceasefire" before Sinn Féin was admitted to multi-party talks in Belfast.

Mr Hume accused Sinn Féin of "electoral malpractice" Recent attacks in Londonderry, he said, were "a brutal and cowardly attempt to intimidate SDLP members".

Mr Martin McGuinness, Sinn Féin's chief negotiator, said that some of the SDLP leadership appeared "frightened out of its wits" that Sinn Féin could overtake the SDLP as the leading nationalist party in Northern Ireland.

Mr Hume warned that if that happened, the Catholics could lose US sympathy for their cause.

The SDLP has four Westminster seats hut Catholics are in the majority in seven of the 18 constituencies.

For the first time, Mr Hume hinted that without an IRA cessation, the SDLP might be prepared to "look elsewhere", suggesting that the party might deal directly with the Ulster Unionists on the constitution.

However, speaking later to reporters in Dublin, Mr Hume stressed be intended to continue to maintain contact with Mr Adams.

Hume not for turning, Page 8

THE LEX COLUMN

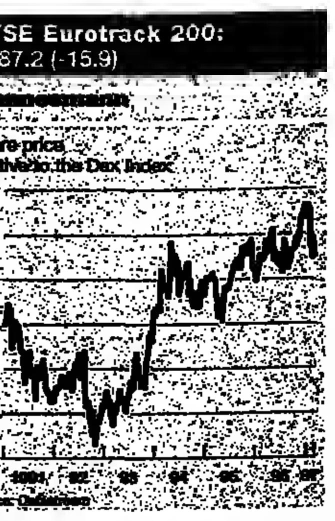
Mobilising Mannesmann

Mannesmann has reached the faintly ridiculous point where it makes all its money outside its traditional business. Last year's profits of roughly DM1bn came almost entirely from telecommunications, which accounts for just 12 per cent of revenue. Its automotive and engineering husinesses turned over DM30bn but contributed virtually nothing.

On the face of it, the two businesses are crying out to be demerged. Now that its D2 mobile network has turned strongly cash positive, an independent telecoms company would have the resources to fund expansion of the fixed line DBKom network acquired last autumn. And as the leading mobile phone operator in Germany, D2 would surely be a target for the likes of AT&T, keen to break into the German market. Meanwhile, the engineering rump could focus on restructuring and improving its paltry 2 per cent operating margins.

A demerger, though still desirable, would be unlikely to enrich shareholders following the 46 per cent increase in Mannesmann's share price last year. Valuing telecoms on a discounted cash flow basis produces a figure of between DM15bn and DM19bn. Mannesmann's *enterprise* value, including DM2bn of net debt, is currently DM26bn. That suggests a value of DM7bn to DM11bn for the engineering businesses, putting them on a rather rich 20 to 30 times this year'a forecast earnings. Given a potential fall in telecoms profits this year, as Mannesmann absorbs DBKom's start-up losses, the shares look overvalued.

FTSE Eurotrack 200:
2187.2 (-15.9)



Valuing takeovers

How ahould investors judge whether companies are wise to make an acquisition? The traditional method – examining whether a deal is earnings enhancing – has drawbacks. In particular, with cash acquisitions, earnings can be enhanced merely by gearing up.

Take the following stylised example. Assume a debt-free company making $60m operating profits can be bought for $1bn. Say also that profits can be increased to $80m as a result of synergies and efficiencies, but that an additional $100m will have to be spant on the restructuring. If the acquirer can borrow the $1.1bn at 6 per cent, the extra profits will more than cover the financing costs. Given corporation tax of 30 per cent, the deal will enhance earnings by $10m.

That looks good for shareholders – until one calculates the return on investment (ROI). On an after-tax basis, this is only 5 per cent. Say the acquirer's cost of capital is 10 per cent; then the deal is destroying value on a massive scale. The only let-out would be if the target's ROI is expected to grow sharply in coming years – above and beyond what is already factored in for synergies and efficiencies.

Another way of assessing takeovers is to see whether the expected synergies justify the premium. Assume the same stylised company had a market capitalisation of $750m before the bid. The premium of $350m (inclnding the $100m restructuring costs) is equivalent to 25 times the after-tax synergies. Is the multiple fair? It depends on the nature of the synergies. But say they stem from cost-cutting and will not grow over time. In that case, given the acquirer'a 10 per cent cost of capital, a multiple of only 10 is warranted. So again value is being destroyed.

Of course, such a calculation assumes that the target's pre-bid market capitalisation is a fair reflection of its value as a stand-alone entity. And, if the market price was unduly depressed, the deal might conceivably add up. Still, the purchaser would need strong reasons to think it had alighted on a bargain the rest of the market had missed.

Yet another way of aeeing the value destruction is to make an explicit adjustment for gearing. Here the trick is to realise that, if the company did not make the acquisition, it could hand capital back to its shareholders via a special dividend or share buy-back. Assume the bidder is debt-free and has a $2bn market capitalisation. After the acquisition, its net debt will be 55 per cent of its market value. It could achieve the same debt/market value ratio by spending $710m buying back 35 per cent of its equity. Say its earnings are $140m and it has 100m ahares. Such gearing-up would boost eps from $1.40 to $1.70. The acquisition, by contrast, enhances earnings by $10m boosting eps to only $1.50.

In this stylised example, the three methods point to the same conclusion: that value is being destroyed. But that will not always be the case. So investors should employ all the techniques in assessing takeovers and not be lulled by tales of earnings-enhancement.

Rank

In his first nine months, Mr Andrew Teare, Rank's chief executive, has spent £400m ($648m) on acquisitions, made £230m of disposals, reappointed three of four divisional directors and revamped the group'a accounting policies. Yet he has only scratched the surface. Yesterday'a much-improved financial disclosure shows only one of the leisure conglomerate's four divisions hitting Mr Teare's new target of a 15 per cent pre-tax return.

Hard Rock cafes, supposedly one of Rank's most attractive growth businesses, managed just 7½ per cent. Nor is the 15 per cent target particularly ambitious: adjusted for tax it barely reaches the group's 11 per cent cost of capital. Worse, the film services and holiday divisions may even see returns fall as new technology and increased competition bite. In 1996 they made half group operating profits.

In response, Rank is increasing capital investment and looking for acquisitions. Mr Teare has rightly set his face against big, unrelated deals. But it is difficult to see where he can add substantially to the portfolio, except perhaps in casinos – a market already bubbling with takeovers. Nor does the fact that the group recently overpaid for pub operator Tom Cobbleigh engender confidence. Rank's shares jumped 6 per cent yesterday on hopes that it would hand back to shareholders most of the £1bn it may get for its Rank Xerox stake. Mr Teare should take the hint.

Additional Lex comment on UK commercial property, Page 18

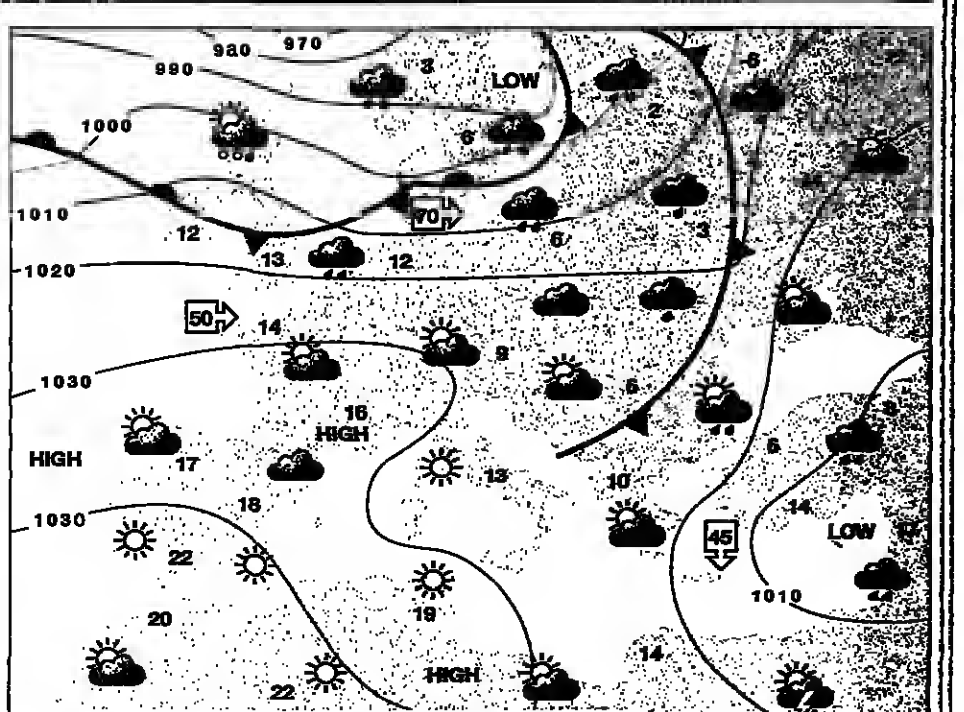
FT WEATHER GUIDE

Europe today

There will be a lot of difference between the northern and southern parts of Europe. Over the northern sections, low pressure will dominate; over the southern areas, the influence of high pressure will be the main feature. Across Scandinavia, depressions will cause cloud, wind and plenty of rain, sleet and snow. Around the Mediterranean, it will be sunny, and temperatures will rise to around 15C. Across the UK, Benelux and Germany, frontal systems will bring cloud and periods of rain or showers. Over the eastern part of Europe, wintry conditions remain, with cloud and snow. Maximum temperatures will be below zero.

Five-day forecast

The sunshlna over the southern part of Europe will last for only a short tima as high pressure retreats into tha Atlantic. Cloud and periods of rain will move in from the north-west. Over the northern part of Europe, it will be cloudy and wet.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	fair 6	Caracas	fair 31	Faro	sun 16	Madrid	sun 17	Rangoon	sun 34
	Celsius	Belfast	rain 9	Cardiff	rain 13	Frankfurt	fair 13	Majorca	sun 17	Reykjavik	snow -3
Abu Dhabi	sun 30	Belgrade	fair 9	Casablanca	fair 21	Geneva	fair 12	Malta	sun 18	Rio	thund 32
Accra	cloudy 32	Berlin	cloudy 11	Chicago	rain 4	Gibraltar	fair 18	Manchester	rain 13	Rome	sun 18
Algiers	fair 20	Bermuda	cloudy 22	Cologne	fair 13	Glasgow	shower 10	Manila	shower 30	S. Frsco	cloudy 19
Amsterdam	shower 12	Bogota	thund 21	Dakar	fair 29	Hamburg	rain 11	Melbourne	cloudy 26	Seoul	fair 3
Athens	fair 9	Bombay	fair 29	Dallas	cloudy 13	Helsinki	sleet 3	Mexico City	cloudy 25	Singapore	thund 31
Atlanta	cloudy 20	Brussels	fair 12	Delhi	fair 25	Hong Kong	fair 21	Miami	fair 28	Stockholm	sleet 4
B. Aires	fair 28	Budapest	fair 6	Dubai	sun 30	Honolulu	sun 28	Milan	sun 13	Strasbourg	fair 14
B.ham	rain 15	C.hagen	rain 7	Dublin	rain 12	Istanbul	shower 5	Montreal	snow 0	Sydney	shower 30
Bangkok	fair 33	Cairo	rain 21	Dubrovnik	sun 12	Jakarta	shower 30	Moscow	snow -2	Tangier	fair 19
Barcelona	sun 16	Cape Town	fair 25	Edinburgh	shower 9	Jersey	cloudy 11	Munich	fair 12	Tel Aviv	shower 16
						Karachi	sun 28	Nairobi	thund 30	Tokyo	shower 10
						Kuwait	fair 25	Naples	sun 14	Toronto	snow -1
						L. Angeles	fair 24	Nassau	fair 28	Vancouver	rain 9
						Las Palmas	fair 22	New York	cloudy 12	Venice	sun 11
						Lima	thund 28	Nice	fair 15	Vienna	sun 12
						Lisbon	sun 19	Nicosia	rain 15	Warsaw	rain 6
						London	cloudy 15	Oslo	sleet 5	Washington	cloudy 16
						Lux.bourg	fair 9	Paris	fair 13	Wellington	cloudy 16
						Lyon	fair 12	Perth	cloudy 25	Winnipeg	snow -7
						Madeira	fair 18	Prague	cloudy 10	Zurich	fair 12

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

GM cool on rapid Delphi flotation

General Motors, the world's biggest carmaker, dampened talk of an imminent flotation of 20 per cent of its big Delphi car parts subsidiary by noting shareholder and regulator approval for restructuring its components arms would not be completed until mid-year at the earliest. Page 14

Itaú boosted by higher fee income
Bigger net interest margins and a 65.6 per cent increase in fee income helped Banco Itaú, Brazil's second biggest private sector banking group, to raise profits from R$347m in 1995 to R$602m (US$573.2m) last year. Page 14

Den Danske operating profits slip
Den Danske Bank, the Danish banking, insurance and mortgage group, reported a decline in operating profits from DKr6.03bn in 1995 to DKr5.39bn ($839m) last year. However, net profits were up DKr22m to DKr3.65bn. Page 15

TelePizza intensifies tapas challenge
TelePizza is to step up its challenge against Spain's tapas-eating public by grabbing an even greater slice of the fast-food market. The company, which controls about 52 per cent of the domestic pizza delivery segment, has signed an agreement to acquire Pizza World, ranked third in the sector. Page 15

Qantas held back by Japan operations
A negligible return from its Japanese routes helped lead Qantas, the privatised Australian airline, to post flat profits at the midway point. At the pre-tax level, Qantas' profit was A$1.5m higher at A$248m (US$190m), with sales revenue increasing 2.5 per cent to A$3.97bn. Page 16

GKN up on 'damages reduction' news
Shares in GKN rose 22p to 935½p after the UK engineering group said a US judge signalled he might cut a multi-million dollar damages award against the company by more than 30 per cent. Page 17

Bidding for Scottish Amicable heats up
The bidding war for Scottish Amicable intensified when SBC Warburg, adviser to the mutual life assurer, said "about half a dozen companies" had signed confidentiality agreements to gain access to the auction. Page 18

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	1448	+	12
Didier Werke	139.5	+	8
SGL Carbon	231.5	+	6
Falls			
BMW	1142	−	24
Horten	220	−	7
Lahmeyer	640	−	18
NEW YORK ($)			
Rises			
Allmerica Fin	40	+	2⅛
Aptargroup	37¼	+	2
Lone Star	41½	+	1⅜
Falls			
Edwards AG	37⅞	−	1⅞
Merrill Lynch	98⅝	−	3⅛
Precision Drill	40	−	2⅜
LONDON (Pence)			
Rises			
De La Rue	661	+	24½
Easynet	66½	+	4
Railtrack PP	422½	+	11½
Wellman	31¾	+	3½
Falls			
Carisbrooke	90½	−	7
Vodafone	288½	−	10½
TORONTO (C$)			
Rises			
Champ Rd Mach	14.65	+	4.15
Saltx Hldgs	6.2	+	1.2
Utd Grain	14.0	+	1.5
Falls			
Chieftain Int	30.85	−	1.75
Cognos	30.55	−	1.8
Dundee Banc B	29.0	−	1.95

PARIS (FFr)			
Rises			
Accor	775	+	7
Casino	264	+	16.2
Taittinger	1980	+	55
Falls			
Christn Dior	880	−	15
Gen des Eaux	785	−	16
Eurafrance	2550	−	145
TOKYO (Yen)			
Rises			
All Nip Air	908	+	88
Chiba Bank	719	+	44
Hino Motors	744	+	39
Mitsui T&B	789	+	65
Sakura Bank	750	+	54
Falls			
Nip El Glass	1710	−	100
HONG KONG (HK$)			
Rises			
Dao Heng Bk	39.3	+	1.9
Guoco Group	42.9	+	2.4
Henderson Lnd	70.5	+	3.0
Swire Pacific	67.25	+	2.5
Falls			
Johnson Elec	22.85	−	0.25
Li & Fung	6.65	−	0.15
BANGKOK (Baht)			
Rises			
Compass East	116.0	+	10.0
Dhipaya Ins	48.75	+	4.25
Italian Thai	117.0	+	10.0
Falls			
Inoue Rubber	20.0	−	2.0
Karat Sntry	20.5	−	2.25
Phoenix Pulp	32.75	−	3.0

New York and Toronto prices at 12.30pm.

Telecoms boosts Mannesmann profits

German group's results highlight shift away from steel

By Ralph Atkins in Bonn

Operating profits from telecommunications at Mannesmann, the German industrial conglomerate, more than doubled from DM464m in 1995 to at least DM920m ($544.3m) last year – highlighting a dramatic shift in focus away from the group's traditional steel tubes activities.

The result, announced in Wednesday's preliminary trading statement illustrated Mannesmann's dependence on the strong performance of its majority stake in D2, Germany's largest mobile telephone network which at the end of last year bad more than 2.3m customers.

Manneemann surprised some analysts by proposing an increase in dividend from DM8 to DM9, , although a higher tax burden than in 1995 is expected to cut oet profits to abont DM600m (DM700m).

Overall, Mannesmann's operating profits were just 10 per cent higher at about DM1bn in 1996. Improvements in the automotive sector, as well as in telecommunications, offset losses in tubes and associated trading activities. Engineering made only "n very small profit". Detailed results are expected in April.

Mannesmann, headed by Mr Joachim Funk, chief executive, is hoping to benefit further from Germany's fast-evolving telecommunications eector through a recently concluded deal with Deutsche Bahn – the German railway operator. Mannesmann Arcor – of which 50.2 per cent is held by Deutsche Bahn and the remainder by a consortium led by Mannesmann – plans to build a fixed-line telephone service to rival Deutsche Telekom after it loses its local monopoly of public services next year.

Turnover in telecommunications rose by 55 per cent to DM4.2bn last year and now accounts for 12 per cent of the group total. About balf tba group's investment of DM3.4bn was in telecommunications.

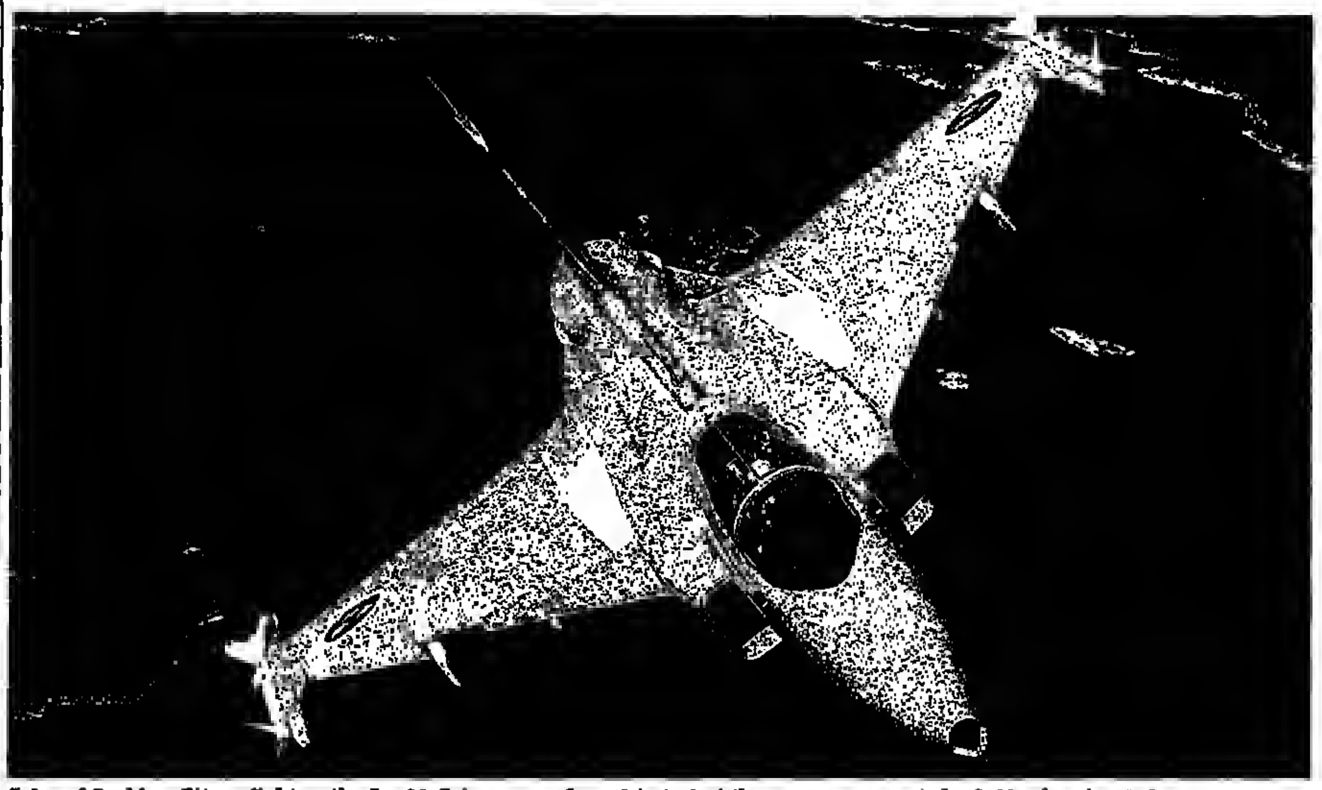
By comparison "tubes and trading" activities have fallen from more than 50 per cent of turnover in the early 1980s to abont a fifth. Telecommunications had 5,000 employees at the end of last year – out of a group total of 119,675.

However, Mr Peter Metzger, analyst at Deutsche Morgan Grenfell in Frankfurt, said to look only at Mannesmann's telecommunications success would "under-estimate tbe earnings potential of the group as a wbole" which had been hindered by specific problems.

Mannesmann said its engineering activities were hit by "high losses" from its Demag subsidiary arising largely from difficulties with a contract to build a steel plant in the US. In its tubes division, the group added, "the weakness of the German economy and important foreign markets" had hit orders last year.

Lex, Page 12

Joachim Funk, chief executive of Mannesmann



Sales of Saab's military fighter, the Jas 39 Gripen, rose from 9 to 17 but the company reported a $122m loss in 1996

Saab aircraft group loses $122m

By Hugh Carnegy in Stockholm

Saab, the Swedisb aircraft group, yesterday reported a loss of SKr908m ($122m) in 1996, while its struggling one-time partner Saab Antomobile warned it would remain in the red at least until the second half of next year.

The news clonded an otherwise npbeat performance by Investor, the main investment vehicle of the Wallenberg family industrial empire which wholly owns Saab aircraft and is a 50/50 owner of Saab Automobile with General Motors of the US.

Investor swung from bolding a big debt in 1995 to SKr10bn cash at the end of last year and yesterday announced a SKr1.5bn purchase of shares in Skandinaviska Enskilda Banken. The move strengthened the family's position as the bank's biggest shareholder.

Saab aircraft, which no longer has direct links with Saab Antomobile, said it had slipped from a pre-tax profit of SKr316m in 1995 to a loss of SKr908m last year, on sales up from SKr7.9ba to SKr8.2bn.

Sales of its military fighter, the Jas 39 Gripen, rose from 9 aircraft to 17. The loss was caused by one-off charges of SKr1.2bn to cover the stalled sales of its new Saab 2000 turbo-prop airliner, which has been hit by the success of new short-range jets.

Mr Robert Hendry, the GM executive who heads Saab Automobile, said the car company, which last week reported 1996 net losses of SKr1.2bn, would suffer heavier losses this year. "We foresee we will start running in the black again sometime in 1998," he said.

Investor, which also owns controlling stakes in Swedish blne-chips snch as Astra, Ericsson, Electrolux and SKF, said its net worth had jumped during 1996 by SKr28.8bn to SKr78.9bn following its SKr18.8bn flotation in Stockbolm and New York in April of a 55 per cent stake in Scania, the heavy truckmaker.

The company is weigbing new strategic investments and a share buy-back.

Saab Antomobile said it wonld launch its delayed Saab 95 sedan model in June. Mr Hendry said the model, to be augmented by an estate version next year, would help lift production from below 100,000 vehicles a year to 150,000 in 2000 wben be anticipated "healthy returns".

CompuServe losses lower than expected

Resignation of chief executive had fuelled analysts' concerns

By Louise Kehoe in San Francisco

CompuServe reported lower losses than expected for its third quarter, alleviating Wall Street concerns after the surprise resignation of its chief executive this week.

Net losses for the quarter to January 31 were $14.2m, or 15 cents a share, oo revenues of $211m – Wall Street analysts had been predicting a loss of 16 cents a share. It is a significant improvement over $58m second-quarter losses, which included special charges, or 63 cents a share, on revenues of $214m.

CompuServe, the second-largest online information service, is facing severe competition from America Online – number one in tbe market with more than 8m subscribers – as well as from direct Internet access providers.

Yesterday's earnings report was anxiously awaited by investors following the abrupt departure on Monday of Mr Robert Massey, president and chief executive.

In early trading yesterday CompuServe gained $¼ to $11. Its third-quarter loss compares with net income of $9.4m or 13 cents a share on revenoes of $203m in the same period a year ago.

Third-quarter operating earnings were $9.4m, compared with operating losses of $12.5m in the preceding quarter. The third-quarter figure represented the first positive operational cash flow in five quarters, the company said.

For the nine months to the end of January, net loss was $101.9m or $1.10 a share on revenues of $634m, compared with net income of $50.2m or 68 cents a share on revenues of $578m for the same period a year ago.

"Our number one priority is to stabilise earnings and return to profitability as quickly as possible," said Mr Frank Salizzoni, chairman and acting chief executive.

CompuServe would continue to invest in its commercial networking business, which provides services to corporate customers, he said.

The company's flagship online information service would be refocused to appeal to business, technical and professional users in North America. Costs would also be reduced and the business realigned.

CompuServe said revenues from its network services division grew 27 per cent over the same quarter last year to $65.2m, or 31 per cent of the company's total.

Rank plans share buy-back

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Rank Group of the UK pleased the market yesterday by raising expectations of a share buy-back and setting performance targets for the leisure group's main businesses.

Rank also announced a fall in pre-tax profits from £515m ($834m) to £65m in the year to December 31, on a 9 per cent rise in turnover to £2.1bn. Underlying pre-tax profits rose by 6 per cent to £297m, in line with expectations.

The shares were the best performing among FT-SE 100 companies yesterday, rising 27p to close at 442p.

The rally was a fillip for Mr Andrew Teare, who has had a difficult year since becoming chief executive last April amid doubts he would secure adequate returns on a £1bn investment programme.

The shares have underperformed the market by more than 20 per cent in the past 12 months.

Mr Teare confirmed that Rank was seeking a buyer for its film distribution business. A sale would bring Rank's disposals of non-core assets from £230m close to its target of £300m. Rank Film Distribution owns a film library which includes the *Carry On* comedies. Mr Teare said he did not intend to dispose of Rank'e Pinewood film-making studios.

After a year of restructuring, he promised a "more focused, entrepreneurial end forward-looking" business.

Mr Bruce Jones, leisure analyst at Merrill Lynch, said: "The jury is still out on Rank and the management has to prove it can turn its intentions into profits, but it's getting on with the job and the share price appears to have turned the corner."

Mr Teare raised the prospect of returning up to £370m to shareholders by saying he would seek a resolution at the annual general meeting in April to anthorise a 10 per cent share buy-back.

He said yesterday the company had more than enough capital to make acquisitions and to enhance returns to shareholders.

Rank would also soon begin negotiations with Xerox over the sale of its £930m stake in Rank Xerox, tbe office equipment joint venture with Xerox.

Lex, Page 12

Malaysian telecoms group seeks funds for expansion

By James Kynge in Kuala Lumpur

Binariang, an unlisted Malaysian telecoms company owned by local tycoon Mr Ananda Krishnan, hopes to raise about M$1bn ($400m) by the third quarter of this year to expand in an increasingly competitive domestic market.

Mr Chan Chee Beng, executive director, said yesterday that the money could be raised either through an initial public share offering or through issuing bonds overseas. He said there was keen demand in the US for "Malaysian paper".

He said that if the company were to float its shares, it might sell 20 per cent of its enlarged share capital. Such a move would dilute a stake owned by US West, a US telecoms company, from a current 20 per cent to about 15 per cent, he said.

Binariang, which owns both of Malaysia's satellites, Measat 1 and 2, expects to attract 700,000 subscribers for its GSM digital mobile phone service by 2000, up from 150,000 at the moment. In its fixed-line business it expects its clients to grow from 5,700 to 500,000 people by the year 2000. This implies a growth rate faster than both average market demand and tbe industry average.

Much of the capital raised is to be spent on laying high speed broad-band telecoms lines, which can transmit data at about 1,000 times the speed of ordinary lines. Such lines will allow Binariang to offer telephone services and satellite TV broadcasts which its sister company, Measat Broadcasting Network Systems, started selling in Malaysia late last year. Subscribers are billed for their TV reception and telephone charges simultaneously.

However, Mr Chan was not optimistic about the prospects of the six companies competing with Telekom Malaysia, the former state monopoly. He said global telecoms liberalisation would cut international dialling charges to near cost-price, slashing margins and precipitating consolidation among smaller groups.

Higher fee income helps Itaú rise 73%

By Jonathan Wheatley in São Paulo

Banco Itaú, Brazil's second-biggest private sector banking group, raised profits from R$347m in 1995 to R$602m (US$573m) last year, helped by bigger net interest margins and a 65.6 per cent increase in fee income.

The figures take no account of inflation of about 10 per cent during the year, in accordance with legislation introduced in 1995. Itaú said that under the old system of adjusting for inflation, its profits would have been less at R$535m.

Headline figures were released earlier this week.

Income from net interest margins rose 9.7 per cent to R$3.03bn. Mr Roberto Setubal, president, said a cut of about one third in interest rate spreads had been compensated with a similar increase in credit operations.

Total assets rose from R$24.45bn to R$32.04bn. Earnings from asset management and service fees were R$1.42bn. Higher income from these sources enabled the bank to increase provisions for non-performing loans by R$1.03bn.

Default continues to be a serious problem for many Brazilian banks. In the high inflation era, most derived the bulk of their profits from not passing on the full benefits of higher interest rates to their customers. But the government's economic reforms of 1994 forced them to turn to more traditional sources of income, and many have found lending a hard skill to learn.

Itaú and Banco Bradesco, its bigger private-sector rival, have cultivated a reputation for conservatism, partly by making generous provisions against non-performance.

Itaú's conservatism helped earn it an AAA rating from IBCA, the international rating agency. Mr Setubal said the bank planned to publish its 1996 accounts following US accounting standards during the first half of 1997.

Asked if this was a signal that Itaú was preparing an overseas depository receipt programme, he said: "We are preparing the way for an eventual exposure on international capital markets. But the bank has sufficient capital for there to be no urgency."

Itaú's capital adequacy as measured by the Bank for International Settlements' ratio is 20.9 per cent, well above the minimum set by the BIS of 8 per cent.

US chief executives' pay up 7.6%

By Tracy Corrigan in New York

Chief executives in the US saw their salaries rise by 7.6 per cent last year, compared with 4.6 per cent budgeted for their employees, according to a report by Arthur Andersen and the Financial Executive Institute.

Chief financial officers also did better than their juniors, gaining 7 per cent. Executive pay as a whole rose 6.6 per cent.

The report, released yesterday, also noted that stock options were an increasingly large part of executive compensation, with the value of options granted to chief executives estimated to equal base pay.

The most common measures for incentive plans such as stock options and bonuses are the company's net income (39 per cent) and earnings before interest and taxes (29 per cent), the report found.

Arthur Andersen and the FEI surveyed 428 companies on compensation practices for 24 senior positions, compiling data on 3,500 executives.

Mr Jim Hughes, a senior manager at Arthur Andersen's Human Capital Services Group, said option schemes were universal at technology companies, but other sectors, particularly utilities, lagged behind.

The financial services industry, slow to introduce options, was catching up, he said.

"The technology companies are still the leaders in this area. And they [stock options] are pushing down into lower management."

The research found that there was no differentiation between pay in different areas of the country according to cost of living.

"Chief executives' compensation is not adjusted because it's a national or international market," Mr Hughes said.

The average base salary in 1996 for a chief financial officer at a public company was $196,400, compared with $139,600 at a privately-held company, the survey found.

Mr Hughes said chief financial officer compensation was rising steadily as the role became broader and as companies started tapping them for the chief executive slot.

Executive Total Compensation Report (1996). From Vantage Source, a division of Arthur Andersen. $695. In the US, call 800 872 2454 in the US; elsewhere, call 941 365 9469, extension 2862.

First the banks, now the thrifts

HF Ahmanson's bid for Great Western may herald consolidation in the sector

The hostile $6bn bid by HF Ahmanson for Great Western Financial, announced on Tuesday, which would merge the two biggest thrifts in the US, seems certain to be the start of a long-running corporate battle.

It has brought "downsizing" back to the top of the corporate agenda.

The deal would create the third-largest financial institution in California, with assets of $93m, but it is predicated on massive cost savings – at least $400m by the end of 1999 – which would be achieved through branch closures and job cuts. About 25 per cent of the combined company's branches would be closed.

Assurances made to Ahmanson staff that their jobs are safe increase the likelihood that up to half of Great Western's staff could lose their jobs, ensuring that the bid will be contested.

The two companies are an obvious fit, with overlapping branch networks in the wealthy areas of southern California and Florida. No one could match the cost savings open to Ahmanson.

Ahmanson made it clear it was preparing for a fight by launching its bid in a "bear hug" letter to Great Western's chief executive late on Monday, a national holiday in the US. It has tabled motions at Great Western's next shareholder meeting which will attempt to stop the use of "poison pill" takeover defences.

The deal bears similarities to the last big merger between Californian financial institutions. Wells Fargo's fiercely-contested takeover of First Interstate was followed by branch closures and job losses. Almost all the job cuts – 23.5 per cent of the combined workforce – came from former First Interstate employees.

Ahmanson's team of advisers, made up of Credit Suisse First Boston of New York, Montgomery Securities of San Francisco, and the New York law firm of Sullivan & Cromwell, is identical to that assembled by Wells Fargo.

Initial share price reactions suggested that the stock market was betting on a quick win by Ahmanson: its shares rose 11 per cent on Tuesday, an astonishing performance for a company that had just announced a hostile bid.

But its shares have since subsided, shedding $2 on Wednesday, a slide which appeared to be continuing yesterday morning.

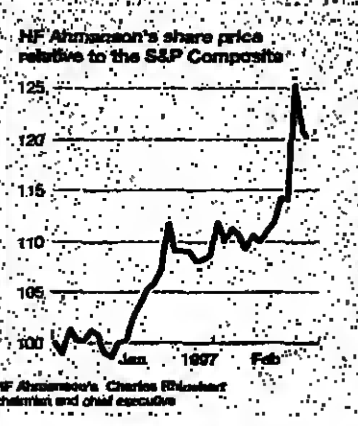
Great Western gained 25 cents on Wednesday and another 75 cents early yesterday, to stand at $45¾ – $11¼ up on its closing price on Friday. This reflects growing apprehension that Ahmanson will not be given a clear run.

The deal seems certain to be contested. Great Western has little chance of staying independent, but it is motivated to avoid the kind of job losses that would follow an Ahmanson takeover and there is no shortage of alternative bidders.

It has reunited the team which advised First Interstate, with Goldman Sachs and the New York law firm of Skadden, Arps, Slate, Meagher and Flom. Like Ahmanson, Great Western has hired several former First Interstate executives.

Building its presence

HF Ahmanson's Charles Rinehart chairman and chief executive



Company	Rank	Deposit Mkt. Share (%)
BankAmerica	1	[illegible]
Wells Fargo	2	14.8
HF Ahmanson	3	[illegible]
Great Western Financial	4	5.8
UnionBancal	5	[illegible]
First Nationwide Bank FSB	6	3.8
Washington Mutual	7	[illegible]
Glendale Federal Bank	8	2.5
Golden West Financial	9	[illegible]
Coast Savings Financial	10	1.7

Source: SNL Branch Migration Datasource SNL Securities, LP Charlottesville

Any rival bid would have a different rationale from Ahmanson's cost-cutting.

Much of the recent consolidation in US banking has been geographically motivated. Banks have bought franchises outside their home states to build "super-regional" retail banks, such as North Carolina-based NationsBank and First Union, and Banc One and KeyCorp, of Ohio.

The Minnesota-based First Bank System, another super-regional bank, forced up the price Wells Fargo had to pay for First Interstate when it unsuccessfully entered the bidding as a "white knight". Such a merger would have allowed significant savings in the banks' wholesale businesses, but would have relied on keeping many branches open.

Banks often buy thrifts to expand market share, and more than 300 acquisitions have taken place since such deals were permitted in 1989. However, the current favourite white knight, which some analysts think has a greater chance than Ahmanson of emerging victorious, is another thrift – Washington Mutual, based in Washington state. Its chief executive, Mr Kerry Killinger, is known as "Jaws" in the Californian banking community.

Washington Mutual has made a series of acquisitions on the West Coast, including California, which means it could realise some cost savings, and is diversifying from thrifts' core businesses of mortgage-lending and deposit-based savings accounts – both of which offer low margins for potential acquirers. Its share price carries a much higher rating than that of Ahmanson.

The process of consolidation could be self-reinforcing, both in determining the actions of shareholders and potential acquiring banks.

SNL Securities, which specialises in the thrift sector, says: "What both Ahmanson and Washington Mutual have going for them in a bidding war against any major bank that considers a bid for Great Western is double-dip potential.

"Either an Ahmanson-Great Western franchise or a Washington Mutual-Great Western franchise would become far and away the premier West Coast entry vehicle, suggesting an attractive take-out premium somewhere down the line."

John Authers

GM cool on quick Delphi flotation

By Haig Simonian, Motor Industry Correspondent

General Motors, the world's biggest carmaker, yesterday damped speculation about an imminent flotation of 20 per cent of its Delphi car parts subsidiary.

It noted that shareholder and regulator approval for restructuring its components operations would not be completed until mid-year at the earliest.

Mr Jack Smith, GM chairman, said this week that the group would wish to retain at least 80 per cent of Delphi, the world's biggest car parts group.

Delphi's sales, amounting to $27.8bn in 1996, should exceed $33bn once its planned merger with the Delco Electronics division of GM's Hughes Electronics subsidiary is approved later this year.

Delco Electronics, which ranges from in-car entertainment systems to engine management systems, had sales of $5.4bn last year, making it about the size of one of Delphi's six divisions.

However, Mr Smith hinted that GM might keep sole control of some core Delco-Delphi technologies in the event of a float. He did not indicate what these might be.

One model for the combined components concern could be Japan's Denso group, he indicated. Denso is closely linked to Toyota Motor, but sells to a range of carmakers.

Mr Smith made clear that the Delphi-Delco merger would produce substantial savings, but declined to specify their size.

The restructuring follows GM's decision last month to sell Hughes's defence operations - one of its three divisions - to Raytheon. Splitting off Delco Electronics from Hughes will leave the latter as a pure space and telecommunications company.

GM reckons a partial Delphi flotation should improve outside perceptions of Delphi's independence, which is essential to win business from other carmakers.

Keeping Delphi at more of an arm's length should also help in its continuing drive to drive down costs and lessen its dependence on GM. Last year, Delphi raised the proportion of its original equipment sales to buyers other than GM's North American vehicle operations division, from 33.3 per cent in 1995 to 36.1 per cent.

AMERICAS NEWS DIGEST

Advance at AIG beats forecasts

American International Group, the largest US insurer by market capitalisation, yesterday announced profits of $2.84bn excluding investment gains for 1996, a gain of 15.3 per cent for 1996. The results were comfortably ahead of the trend for the insurance sector, and its earnings per share for the fourth quarter, at $1.61, were ahead of the consensus Wall Street expectation of $1.58. Nevertheless, its shares slipped slightly in early New York trading, dropping $1 to $124⅝.

Revenues were up 9 per cent to $28.2bn for the year. Revenues for the fourth quarter were harmed by the strong dollar, with premium growth of 5.9 per cent in local currencies outside the US translating into 0.5 per cent growth for the year in dollar terms.

Worldwide life assurance showed strong growth for the quarter, gaining 13.6 per cent in dollar terms compared with the equivalent quarter of 1995.

Underwriting strength improved slightly, with the combined ratio, showing the proportion of premiums taken up by losses and administrative costs, falling from 97.04 to 96.87. Unlike most US property and casualty insurers, AIG managed to reduce its catastrophe losses to $79m, from $100m in 1995.

The company expanded aggressively overseas during the year, launching direct equity investment funds to invest in Russia and Latin America. More funds are to follow this year.

John Authers, New York

Goldman adds management tier

Goldman Sachs, Wall Street's largest remaining partnership, has added a new level of senior management. Mr Roy Zuckerberg and Mr Robert Hurst have been appointed vice-chairmen, while Mr Hank Paulson, who previously held that position, takes the title of president.

The elevation of Mr Zuckerberg and Mr Hurst "provides them with a platform to represent the firm" internationally at a senior level, according to a Goldman official, who added that the new level of management was a "recognition that the business has grown". Goldman plans to increase staffing by about 10 per cent to more than 9,000 this year.

Mr Zuckerberg and Mr Hurst will continue as heads of equities and investment banking, respectively. Both joined the company's management committee in 1990 and now serve on the six-strong executive committee, which replaced the management committee last year.

Mr Paulson remains chief operating officer, under Mr Jon Corzine, chief executive and chairman.

● J.P. Morgan has appointed Mr Bill Bradley, a former US senator and New York Knicks basketball star, as vice-chairman of its international council and senior adviser to the group. The international council of J.P. Morgan, chaired by Mr George Shultz, former US secretary of state, is made up of business leaders and figures from public life and advises J.P. Morgan's management.

Tracy Corrigan, New York

Placer ends year $65m in red

Placer Dome, the Vancouver-based international gold producer which is a contestant for Indonesia's Busang gold project, took special charges of US$121m in 1996, leaving a final loss of $65m, or 27 cents a share, against net profit of $74m, or 31 cents, in 1995. Revenues were $1.16bn against $1.03bn. The one-time charges covered the cost of a mine tailings spill in the Philippines and asset disposals.

International mining operations showed a net profit of $355m, against $308m. Earnings from gold mining fell from $234m to $208m. The fourth-quarter loss was $57m, or 24 cents a share, against a profit of $38m, or 16 cents.

Placer's share of consolidated gold output in 1996 was 1.9m ounces at an average production cash cost of $235 an ounce, against $217 in 1995. Output in 1997 will rise to about 2.3m ounces with an average cash cost of $240 an ounce. However, cash cost will decline as new mines come on stream.

Copper's contribution was up sharply in 1996, helped by new mines in Chile and Australia. Placer is buying-in the minority 9 per cent of Australia's Highlands Gold and will soon own 50 per cent of the big Porgera gold mine in Papua New Guinea.

At year-end, gold reserves were 26.5m ounces, including Las Cristinas in Venezuela, up from 21m ounces a year earlier. Two new North American mines start up this year. Capital spending will total $550m in 1997, up from $416m in 1996.

Placer said it was continuing to study the impact of the Busang project on its earlier proposal to merge with Bre-X, the Canadian company which discovered Busang. It hopes to start building the $576m Las Cristinas mine, in which it has a 70 per cent interest, "within months".

Robert Gibbens, Montreal

National Bank up 12% in term

National Bank, the smallest of Canada's "big six", led the way in reporting for the first quarter of fiscal 1997 with a 12 per cent jump in net profit to C$84m (US$61.9m), or 46 cents a share, against C$75m, or 41 cents, a year earlier. Investment banking and brokerage contributed C$8m against C$5m. The quarterly dividend is being raised from 12 cents to 15 cents.

The other big banks begin reporting next week.

Robert Gibbens

Busang critics say Bre-X barred questions

By Bernard Simon in Toronto

Critics of a deal to develop the immense Busang gold deposit in Indonesia have accused Bre-X Minerals, the small Calgary exploration company, of barring them from questioning Mr David Walsh, chief executive, and other officials during a lengthy telephone conference call on Tuesday.

They have also questioned Bre-X's efforts to back away from earlier assertions that it owned 90 per cent of the two richest zones of the Busang deposit, and suggested there was little geological evidence to support claims that Busang's resources might be as high as 200m ounces. According to estimates based on drilling results, resources (preliminary reserves) are presently calculated at 71m ounces.

The allegations coincide with a widening split between analysts on the merits of the deal unveiled earlier this week, under which Bre-X will take a 45 per cent stake in Busang, with 40 per cent for various Indonesian interests and 15 per cent for Freeport-McMoRan Copper and Gold, the New Orleans mining group. The Indonesian partners will pay nothing for their participation.

Bre-X shares lost about 13 per cent immediately after the deal, but have recovered most of the loss in the past two days. The shares gained C$1.10 cents to C$22.60 in early trading in Toronto yesterday, giving Bre-X a market value of C$5.4bn (US$3.98bn).

Mr Paul Carmel, analyst at Bunting Warburg in Montreal, said he was in "the bullish camp". He cited the size of the deposit, widely regarded as the biggest gold discovery this century, and the possibility that another group might bid for Bre-X's stake.

According to Mr Robert Callander, portfolio manager at Caldwell Securities in Toronto, "the positive for me is that the uncertainty has been resolved. It's much less risky than it was before".

However, one US fund manager retorted: "Why the stock trades at C$21 when half the mine has been taken [by the Indonesians] boggles the mind."

Mr Adam Lindemann, president of New York-based Lindemann Capital and a critic of the deal, said he tried several times to ask questions during Tuesday's conference call, but was told he was "not approved". About 475 callers participated in the call, but only about a dozen analysts asked questions. Almost all were sympathetic to Bre-X.

Hill and Knowlton, the US public relations firm acting for Bre-X, said questions were confined to about 30 mining analysts.

Bre-X has said in the past that it controlled 90 per cent of Busang's two richest zones. But Mr Walsh, a former mining stock promoter, said on Tuesday that "some have mistakenly thought that we somehow owned 90 per cent of this property. This was never the reality."

Bre-X announced a rise in Busang's reserves from 57m to 71m ounces on the same day as the deal with Freeport. During the conference call, company officials hinted the figure would be raised to about 95m ounces, more than the combined reserves of Barrick Gold and Placer Dome, two of the biggest gold producers outside South Africa. Mr John Felderhof, senior vice-president for exploration, added he would be "comfortable" with an estimate of 200m ounces.

The Globe and Mail newspaper said yesterday Mr Walsh and other senior Bre-X officials sold about C$57m worth of Bre-X shares last August and September after Indonesia quietly cancelled the company's preliminary licence to build a mine at Busang. The cancellation was disclosed in October. Bre-X shares dipped as low as C$17.70 last December.

Den Danske operating profits decline

By Hilary Barnes in Copenhagen

Den Danske Bank, the Danish banking, insurance and mortgage credit group, yesterday reported a decline in oparating profits from DKr6.03bn in 1995 to DKr5.39bn ($839m) last year. However, net profits edged up DKr22m to DKr3.65bn.

Bad debt provisions were reduced to the lowest level of tbe decade, from DKr1.25bn to DKr637m – only 0.25 per cent of the group's outstanding advances at the end of last year of DKr234bn.

Working against this, the value adjustment on its securities portfolio and capital shares in associated companies added only DKr1.66bn to profits, against DKr3.24bn in 1995.

Core earnings (before the valne adjustment and provisions) rose from DKr4.03bn to DKr4.36bn.

The improvement was attributed entirely to an increase in the profits of the bank's life assurance and accident insurance subsidiaries, from DKr267m to DKr674m.

Net interest income declined for the fifth successive year, from DKr7.8bn to DKr7,25bn – "a figure that we don't like," said Mr Knud Sorensen, chief executive.

He described the result, which represented a return on equity capital of 15.8 per cent, as "satisfactory", but added that core earnings "are not sparkling".

The gronp's expenditure was rednced by DKr83m to DKr5.74bn. The bank has cut 250 jobs this year and will shed another 250 in the autumn, reducing the total number of staff in the bank (excluding its insurance subsidiaries) to about 10,600.

Expenses will not decline in 1997, Den Danske said, because of investment in new technology and expansion in the Nordic region, where it will open two new branches this year in Helsinki and Oslo.

Den Danske expected core earnings to be somewhat lower than in 1996, while the bottom line would depend on how securities markets moved during the year.

The bank will pay an unchanged DKr16 a share dividend.

Advances rose 19.5 per cent to DKr232bn – giving the bank a market share of 33 per cent.

Total assets rose by about 16 per cent from DKr390bn to DKr451bn.

● Jyske Bank, the Jutland-based bank with assets of DKr59bn, lifted pre-tax profits from DKr753m to DKr947m.

However, after a rise in taxes from DKr28m to DKr302m, net profits were down from DKr725m to DKr645m.

The board proposed an increase in the dividend from DKr8 to DKr10 a share.

Publicis attempts to bury the hatchet

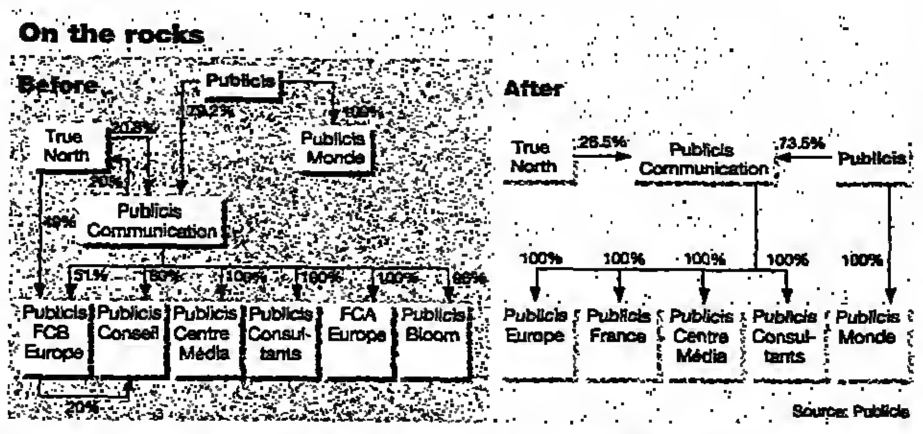
French advertising agency and its US partner have a plan to end their differences

There were gritted teeth behind the smiles yesterday as True North, of the US, and Publicis, the French advertising agency, unveiled a plan to resolve the long and acrimonious dispnte over their joint European operations.

While both groups expressed their pleasure with tha deal and best wishes for their rival, tha bitterness of more than four years of tension – after initial harmony when the groups formed an alliance in 1988 – rapidly came through.

Mr Maurice Lévy, chairman of Publicis, said in Paris that True North "tried to destabilise us since 1993" by attempting to "manipulate" the accord and gain control of their Publicis-FCB European joint venture. "It got caught in its own trap and could not get out."

Mr Bruce Mason, chairman of True North, speaking from his headquarters in Chicago, argued that Publicis scuppered the relationship by buying other US agencies. Mr Lévy retorted that its US expansion was always disclosed, and be even received a congratulatory fax from Mr Mason when tha deal was announced.



Under the the agreement, Publicis-FCB will be dissolved, with True North taking full control of four agencies – Paris, London, Athens and Lisbon – and Publicis the remainder.

The US group will increase its stake in Publicis Communications, the advertising subsidiary of Publicis, from 20.8 per cent to 26.5 per cent. Publicis will keep its 20 per cent stake in True North, wbich is quoted in New York, and both companies will maintain a seat on each other's board.

The two groups will also abandon outstanding legal actions, after which True North will pay $2.3m to Publicis in outstanding compensation for billings.

True North will then sell to Publicis its investment in The Partnership, a South African advertising agency, as well as majority interests in existing agencies or spin-offs from its activities in Argentina, Australia, New Zealand, India and Thailand.

Mr Lévy said the price of these transactions would be limited to 75 per cent of their annual revenues, which be said amounted to FFr120m-FFr150m ($21m-$26m). "They get four agencies in a mature, stagnant [European] market, while we get six agencies in buoyant, developing regions."

For Mr Mason, the interpretation was different. "We have a 100 per cent owned and controlled network around the world, while Publicis begins to build a global network."

Within the next six months, Publicis Monde, which controls the group's activities outside Europe and the US and is cnrrently owned by the Publicis holding company, may be transferred to Publicis Communications. Unless True North makes a new investment at that tima, its stake in Publicis Communications will fall to as low as 20 per cent.

With these continuing tensions, it is likely the two gronps will unwind their cross-shareholdings completely over the next few years, altbough they stressed publicly that all options remained open.

Mr Lévy said that one possibility was to list Publicis Communications, although he emphasised thet Publicis would already report a capital gain in its Trua North stake if it wanted to sell it.

He said further acquisitions would take place this year in Venezuela, Chile, Colombia, Malaysia, Indonesia, Taiwan, China and "one or two other countries". The following year it planned to take control of "one or more" agencies in the US and one in Japan. That would raise its revenues for 1998 year to about FFr27bn-FFr28bn, after FFr22bn in 1996.

Andrew Jack

TelePizza steps up tapas challenge

By Tom Burns in Madrid

TelePizza is poised to step up its challenge against Spain's tapa-eating pnblic by grabbing an even greater slice of the fast-food market.

The company, which operates 216 pizzerias, mostly through franchises, and controls about 52 per cent of the domestic pizza delivery segment, said it had signed a preliminary agreement to acquire Pizza World, a loss-making Barcelona-based company which is ranked third in the sector.

Pizza World has 101 ontlets and accounts for about 16 per cent nf the dial-a-pizza market.

TelePizza's ambitions to service virtually all Spain'a pizza eaters is in line with the confidence investors have placed in its growth prospects since a November IPO put 45 per cent of the stock on the market.

Controlled by its founder and chairman, Mr Leopoldo Fernández Pujals, a Cuban exile and Vietnam war veteran who opened his first pizza parlour in Madrid in 1988, the company has made giant inroads into Spain's traditional bar snack culture and ousted hamburgers as tha favoured domestic fast food.

The agreement with Pizza World allnws TelePizza two and half months to examine its rival's business, and sets a maximum acqnisition price of Pta1.9bn ($132m).

Pizza World, controlled by Agrolimen, a family group that nwns a best-selling domestic brand nf stock cubes, has been looking for a bnyer for several months; negotiations over its sale to Domino's Pizza of the US brnke down last year because of the Pta2.5bn price tag.

TelePizza's recipe for success – prodnct quality, clever marketing and aggressive pricing – has succeeded in raising its market share from 21 per cent of the pizza sector in 1991, at a time when domestic fast food sales are increasing at about 13 per cent a year.

Average sales per nntlet are almost double those of Pizza World and of Pizza Hnt, the chain owned by PepsiCo which is ranked second in Spain. TelePizza is estimated to have raised its net profits last year hy 58 per cent, to Pta1.7bn, and its cash flow hy nearly 70 per cent to Pta2.3bn.

In the past three months the ahares have changed hands as fast as its products have been consumed, turning them into the star performers among dnmestic growth stocks.

The shares are currently trading at about Pta6,000, compared with November's issue price of Pta2,300, and their present value implies a price/earnings ratio of close to 29.

TelePizza'a listing fired investor imagination to such an extent that its IPO was 154 times overanhscribed in Spain and 12 times internationally.

Siemens launches logic chip sales drive

By Paul Taylor in Munich

Siemens' semiconductor divislon yesterday announced plans for a "logic offensive" designed to help expand the German chipmaker's turnover by 26 per cent a year, to DM15bn ($8.85bn) by 2000.

The group aims to enter the top 10 of global semiconductor manufacturers, from its 12th position now.

Mr Ulrich Schumacher, president and chief executive of the semiconductor division, said that logic chips – used in a wide range of electronic devices, including mobile telephones, micro controllers and smartcards – would "take on added significance" for the group.

Siemens is already an important manufacturer of memory chip and integrated circuit devices. However, sales growth in the year to September 30 was held back to 12 per cent by the 80 per cent fall in memory chip prices. Memory chipa accounted for 40 per cent of the division's DM4.66bn sales.

Mr Schumacher said the proportion of logic chips produced would be substantially increased, "but without neglecting the memory business". Siemens is building a large plant near Newcastle, in the UK, to manufacture logic chips.

"In view of the flnctuated opportunities and risks associated with the memory business, logic components will help stabilise the overall bnsiness performance," he said. By 2001, be expected half tha group's targeted DM15bn in sales to be from logic integrated circuits.

Mr Schumacher, who also announced a new vertically-organised business structure for the group, said growth in logic chips would come through an aggressive sales drive in markets snch as Asia-Pacific and the US.

In spite of the decline in memory cbip prices, Mr Peter Fischl, executive vice-president, said he expected earnings "to be in the black" this year, although the level of profitability would depend on the movement of prices over the next six months.

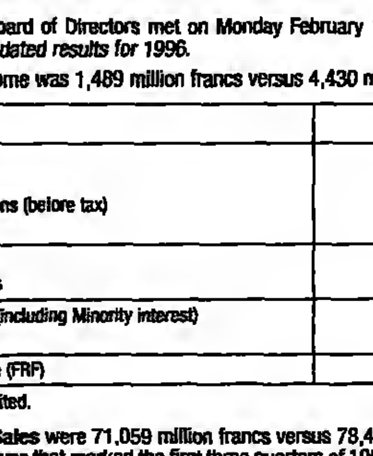
"We are rather optimistic in terms of earnings," said Mr Schumacher. "in terms of memory chip prices, we think the worst is over."

Siemens expects the overall semiconductor market, which shrank by about 10 per cent last year to about $130bn, to grow by about 6 per cent in 1997 and by about 20 per cent a year until the end of the decade.

Mr Schumacher also confirmed that Siemens would take a decision on investing in development of the next generation of silicon wafers – which are 300mm wide – within the next few months.

AssiDomän hurt by slack demand

By Hugh Carnegy in Stockholm



Lennart Ahlgren: optimistic about industry's prospects

AssiDomän, the Swedish pulp and paper group, yesterday joined the ranks of forestry companies hit by the slump in the sector as it reported a 60 per cent fall in profits in 1996.

Pre-tax profits tumbled from SKr4.3bn in 1995 to SKr1.7bn ($228m), depressed by falling prices and low demand in many key product areas. Group sales fell from SKr21bn to SKr18.5bn.

Assi said profits were also weakened by the strength of the Swadish krona, which wiped SKr400m off operating profits, and high investment costs. The currency effect was in contrast to local rival MoDo, which managed to limit its 1996 profits fall to 44 per cent through a currency hedging operation.

Earnings per share at Assi fell from SKr28.90 in 1995 – a record year in the industry – to SKr11.90. But Assi said it nevertheless planned a full-year dividend of SKr5.25, up from SKr5.00 last year.

Mr Lennart Ahlgren, chief executive, struck a relatively optimistic tone about the prospects for the industry – in contrast to some of his peers who have been reluctant to predict an upturn.

"The picture is fragmented, but I look forward with cantious optimism to developments in 1997. There will be a further improvement in 1998 and hopefully it will also be good in 1999," he said.

He added that continued growth in the US and the UK was decisive for prospects this year, but said much depended on an upturn in Germany and other continental European countries.

Assi said profits in all its core divisions fell, with earnings from packaging, its biggest unit, down 53 per cent from SKr1.1bn to SKr526m on a 12 per cent fall in sales to SKr7.6bn.

The worst performance was in the kraft products unit – including packaging paper, sacks and wood pulp – where operating profits of SKr1.2bn in 1995 swung to a loss of SKr300m. Divisional sales tumbled 20 per cent to SKr4.8bn.

Volvo Construction in Canadian buy

By Robert Gibbens in Montreal

A unit of Swedish carmaker Vnlvn yesterday agreed to pay about C$165m (US$122m) for Champion Road Equipment, a Canadian maker of earth-moving equipment.

Volvo Construction Equipment of the US said Champion's board, which bolds 34 per cent of the shares, had voted unanimously to endorse the offer of C$15 for each of the company's 11.2m common shares.

The sale price represents a premium of about C$6 a share on recenl prices.

Champion, based in Waterloo, Ontario, makes graders and other road-building equipment.

The 121-year-old company went public in 1994 following an acquisition and was a consistent profit-maker until 1996, when government retrenchment reduced road building. It operates four plants in Ontario and the northern US.

In 1996, it had sales of C$200m, of which 20 per cent were outside North America. Net profit was C$1.7m, or 15 cents a share, after restructuring charges, against C$9.5m, or 85 cents, in 1995.

EUROPEAN NEWS DIGEST

Dresdner Bank shows sharp rise

Dresdner Bank, Germany's second-largest, yesterday reported a jump of more than 40 per cent in 1996 operating profits to more than DM2.8bn ($1.65bn). It is raising its dividend by 10 pfennigs to DM1.45 a share, and also paying a bonus of 10 pfennigs to mark its 125th anniversary this year.

The bank, the last of Germany's big banks to give preliminary figures for 1996, said it would transfer more than DM800m to group earnings reserves. Roughly half the operating profit increase stemmed from profits on securities in its liquidity portfolio; these comprised gains on sales of bond holdings in the first half of the year and on disposals of industrial shareholdings below 5 per cent.

At the halfway stage, Dresdner reported a 44 per cent rise in operating profits to DM1.42bn, helped by a strong first-time contribution from Kleinwort Benson, the UK investmant bank. Its first-half profits from the liquidity portfolio were 53 per cent higher at DM366m.

Andrew Fisher, Frankfurt

Hugo Boss in bonus payout

Hugo Boss, the German men's clothing company which has revamped its image and shifted most of its production abroad, said yesterday it would make a one-off payout of DM57 a share for 1996 and raise by DM4 tha dividend on its voting and preferred stock. The company, controlled by Marzotto, the privately-owned Italian textile and clothing group, attributed the special payout to strong liquidity and an improved performance.

Analysts said the company was also taking advantage of a tax break. Including the tax break on the one-off payout, net profits rose almost 30 per cent to DM75.2m ($44.4m) last year, on a 10.5 per cent increase in sales to DM995m. Without extraordinary items, net profits would have been DM64.8m, up 11.7 per cent.

The dividend is being raised from DM41 to DM45 for voting stock – mostly held by Marzotto – and from DM42.50 to DM46.50 for preferred stock.

Sarah Althaus, Frankfurt

France Telecom sale details

The saie of a first tranche of shares in France Telecom, the state-owned operator, is to get under way in earnest in early May, according to Mr François Fillon, telecoms minister. In the first confirmation by a minister of the planned timetable for the sale, Mr Fillon told Les Echos, the French business newspaper, that individuals and institutional investors would be able to place orders from early May, when a range of prices for the shares would be published. The exact price would be fixed "in the final days of May".

His comments appeared to tally with expectations that the flotation procedure will require an early order period and offer period for the shares lasting three weeks. This suggests, in turn, that the so-called "red herring" prospectus is likely to appear in the first few days of May and the early order period to begin on May 5 or possibly May 12. Such a scenario should enable the shares to start trading by early June.

David Owen, Paris

Mondadori promotes Costa

Mondadori, the Italian publishing group controlled by the Fininvest bolding company of Mr Silvio Berlusconi, yesterday sought to reassure the markets by appointing Mr Maurizio Costa as managing director. The group's share price has been badly shaken since the surprise resignation this week of chief executive Mr Paolo Forlin, falling 15 per cent. The shares slipped further yesterday to L11,745 in late trading.

Mr Costa has up to now headed the Elemond publishing division of the group. He has previously held positions in Fininvest, the Standa retailing concern, and the Montedison chemicals group. However, Mondadori has postponed until a future shareholders' meeting a decision over the appointment of a new chief executive to replace Mr Forlin.

Paul Betts, Milan

Japan operations hold back Qantas

By Nikki Tait in Sydney

Higher fuel prices and a negligible return from its Japanese routes led Qantas, the privatised Australian airline, to post flat profits for the six months to end-December.

At the pre-tax level, Qantas' profit was A$1.5m higher at A$248m (US$190m), with sales revenue increasing 2.5 per cent to A$3.97bn, or 4.4 per cent if currency changes are stripped out.

After a marginally lower tax charge, the after-tax result stood at A$151.6m, against A$148.1m. Earnings per share dipped slightly, from 14.68 cents to 14.54 cents.

The airline, in which British Airways has a 25 per cent stake, said that during the period its fuel bill increased hy mora than A$50m, from A$382.9m to A$434.7m, nat of hedging gains. If fuel prices had remained at last year's level, pre-tax profits would have been 21 per cent higher.

Tha airline also revealed that the structural changes in tha Japanese airline market, which has begun to see a measure of deregulation, had a significant impact. Its Japan routes made "virtually no net contribution" to profits. A few years ago, Japan routes were the mainstay of profits for Qantas' international division.

Qantas said it expected the situation to continua in the current balf, but that it had set up a task-force to look at ways of revamping and improving Japaneae operations. It also dismissed any auggestion that tbe much-publicised food poisoning problem on some flights late last year had affected business.

However, despite the Japanese problems and weak results from trans-Tasman routes – which were subject to stiffer competition on fares – international operations posted a small improvement in pre-interest profit, from A$163.3m to A$168.3m. This was attributed to improved results from the European, Asian and Pacific routes.

By contrast, the domestic business saw its pre-interest contribution slida slightly, from A$93m to A$88.2m. Qantas said the number of passengers carried and market share increased, but that yields declined 1.2 per cent and load factors were also lower, by 1.6 percentage points.

Mr Gary Pemberton, chairman, said that the company would continue to put the emphasis on cost control rather than on revanue growth.

He said about A$237m of additional costs had been squeezed out of the business in the half-year, and the full-year target was for more than A$430m.

Savings came from changes to aircraft utilisation, from reductions in aircraft handling costs and in overhead costs, and from cuts of more than A$90m in labour-related expenditure.

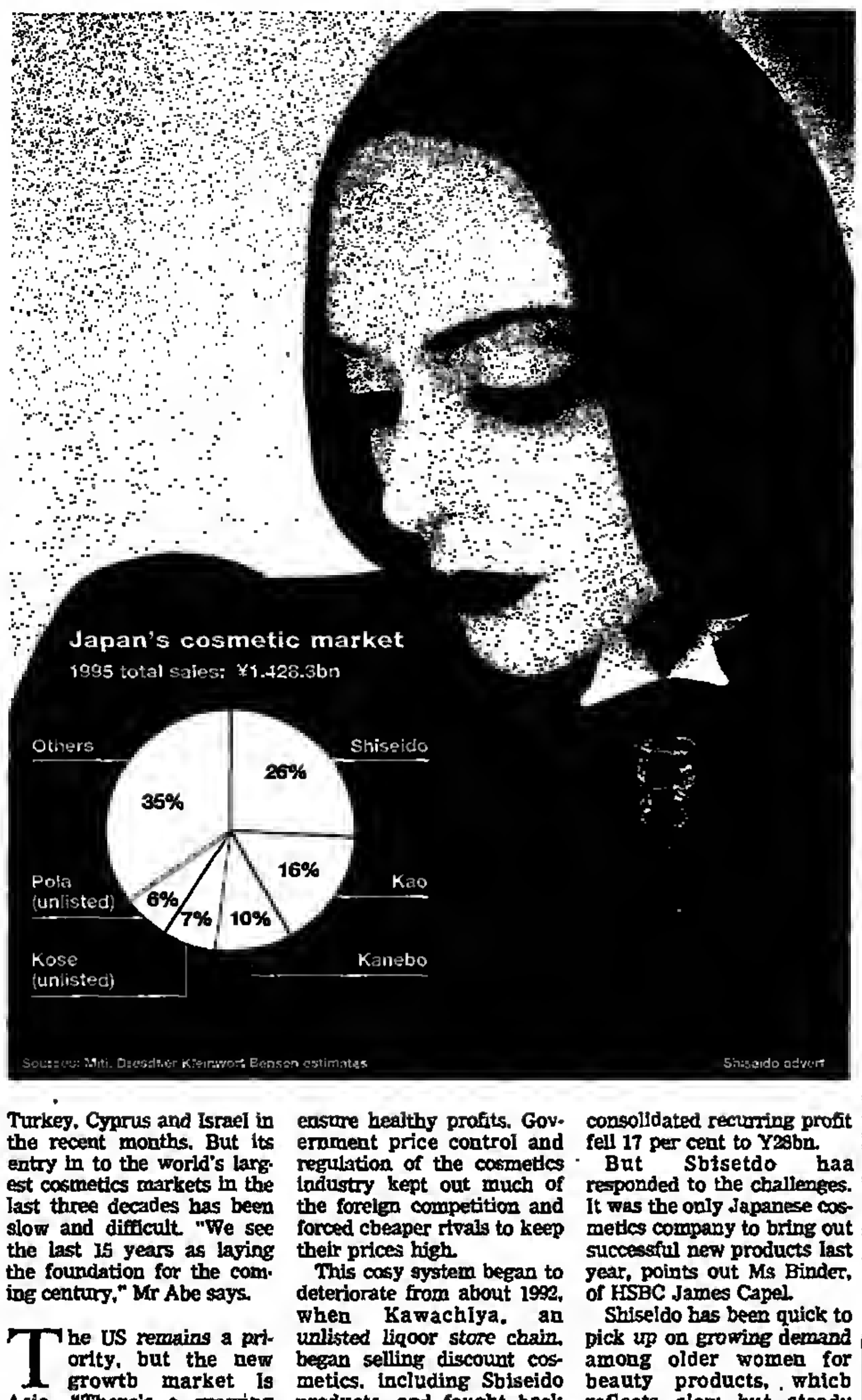
Mr Pemberton offered only a cautious forecast, saying the full-year outlook was "mixed", but that tha target was to "at least match" the 1995-96 result, when Qantas made A$247.7m after tax.

"Revenues are not expected to grow quickly, fuel prices are forecast to remain high, and price competition is expected to continue in most markets", he said.

However, most analysts had expected flat or slightly lower earnings, and yesterday's result sent Qantas shares 4 cents higher to A$2.46. The interim dividend is held at 6.5 cents.

Why Shiseido believes big is beautiful

Japan's leading cosmetics maker is looking to expand its operations overseas



Source: Miti, Dresdner Kleinwort Benson estimates

Shiseido advert

In the lata 1800s, Shiseido, Japan's leading cosmetics maker, was one of the first companies to introduce western retailing concepts and toiletries to Japan, including toothpaste in a tube – a hit product.

More than a century later, the company has widened its focus with a plan to boost overseas production, acquire foreign companies and "globalise" product lines.

Driving Shiseido's strategy is a five-year plan to increase annual sales from Y560bn ($4.5bn) in 1995-96 to Y800bn by 2000, and to double operating profits from Y31bn in 1995-96 to Y64bn.

With intensifying competition in the domestic market, hrought on by deregulation and sluggisb business conditions, overseas expansion is seen as essential to further growth. The company's target is to quadruple overseas sales and expand manufacturing operations in order to lift the overseas share of consolidated sales from 8 per cent, or Y45bn, in 1995-96 to 25 per cent hy 2000.

Japan accounts for nearly 90 per cent of Shiseido's sales. But the proportion is shifting. In the current year to March 31, Shiseido's overseas sales will grow by about 22 per cent from last year. The overseas share will rise to just over 10 per cent of total consolidated sales.

Consolidated recurring profit for the year to March is expected to grow about 8 per cent to Y38bn.

The only serious constraint to rapid expansion is the lack of overseas production facilities, according to Mr Sadao Abe, Shiseido'a executive director of international operations.

Shiseido operates seven plants in three countries – the US, China and New Zealand – but the new goals call for output to treble.

The company is close to deals on new plants in the US and China. In the US, its planned fourtb plant is likely to be the biggest cosmetic manufacturing facility in the world, say analysts.

Another key element in Shiseido's growth strategy is buying foreign companies and setting up joint ventures. Until last year, the company took a conservative approach, with just one acquisition in the US – the $345m purcbase of Zotos International, a hair products manufacturer, in 1988.

Last November, bowever, the company hought a division of Helene Curtis Industries, the US-based cosmetics subsidiary of Unilever, for an estimated Y10bn.

The deal is small but strategic, Mr Abe says. "We should always be aware of the brands that best fit our operations. Of course it's easy just to expand business by buying large companies to increase sales in the way we'd like by 2000. But that's not the main objective.We want to establish co-existence, and good ties with new customers."

In the short term, investment in plant, and Shiseido's planned mergers and acquisitions, will slow growth in recurring profit. But analysts have high expectations of Shiseido's performance in the medium term.

Ms Toshiko Binder, of HSBC James Capel in Tokyo, points out that over the past year, Shiseido's share price has appreciated by roughly 10 per cent, and by 17 per cent against the Topix market index of Japan's largest companies. She says: "The company has a solid balance sbeet and is weli positioned to expand its market share in Japan and overseas."

The company's sales networks cover 48 countries, following the addition of Brazil, Turkey, Cyprus and Israel in the recent months. But its entry in to the world's largest cosmetics markets in the last three decades has been slow and difficult. "We see the last 15 years as laying the foundation for the coming century," Mr Abe says.

The US remains a priority, but the new growtb market Is Asia. "There's a growing middle-class with growing income. The question is bow to market in these markets," Mr Abe says. Shiseido bas established a subsidiary to concentrate on market research over the next year.

Until the early 1990s, Shiseido benefited in its bome market from its influence over pricing and distribution of its products. With more tban one-quarter of the country's cosmetic market, it was ahle to prevent most forms of discounting and ensure healthy profits. Government price control and regulation of the cosmetics industry kept out much of the foreign competition and forced cbeaper rivals to keep their prices high.

This cosy system began to deteriorate from about 1992, when Kawachiya, an unlisted liqoor store chain, began selling discount cosmetics, including Sbiseido products, and fought back when Shiseido tried to stop it. In June 1995, Japan's Fair Trade Commission ordered Shiseido to stop interfering with discounters.

The directive triggered a wave of discount retailing in cosmetics. Imported cosmetics flooded into Japan, belped by an ensuing round of deregulation.

Cosmetic prices plunged, along with Shiseido's earnings and its share price. Consolidated sales fell 2 per cent to Y540.4bn in 1994-95, while consolidated recurring profit fell 17 per cent to Y28bn.

But Sbisetdo haa responded to the challenges. It was the only Japanese cosmetics company to bring out successful new products last year, points out Ms Binder, of HSBC James Capel.

Shiseido has been quick to pick up on growing demand among older women for beauty products, which reflects slow hut steady growth in the female workforce. Last month Shiseido launcbed a new range of skin-care products, Acteabeart, specifically aimed at women over 40.

Tbe company expecta retail sales during the new brand's first year to reacb Y24bn and, with an eye to the rapid ageing of Japan's population, hopes it will become one of its main lines over the long term.

Gwen Robinson

Kirin loses market lead as pre-tax slides

By Jonathan Annells in Tokyo

Ktrin Brewery, Japan's largest brewer, suffered a 24 per cent fall in pre-tax profits last year after a disappointing marketing initiative to relauncb tts mainstay beer brand, and sluggisb sales of its second label.

The results come after Asahi Brewertes ousted Kirin last week from its position as Japan's leading brewer, in terms of monthly shipments, for tha first time in 44 years.

The company reported gronp pre-tax profits of Y67.43bn ($543m) in the year to December, compared with Y88.9bn in 1995. Operating profits dropped from Y82.19bn to Y66.92bn.

At parent level, pre-tax profits fell 29.9 per cent, to Y52.77bn, and net profits dropped 32.3 per cent, to Y27.08bn.

The company said overall beer sales fell 3.6 per cent, with the relaunch last January of its best-selling Kirin Lager brand failing to win enough market share to offset a 6 per cent drop in sales of Ichibanshibori, its second brand. Sales of soft drinks rose 4.7 per cent.

At the non-operating level, tbere were one-off losses related to the closure of some of tbe company's Kirin City pub ontlets, while the revaluation of marketable securities contribnted to a decline in net profits from Y40.7bn a year earlier to Y34.9bn.

Kirin's advertising and promotion costs swelled to Y49.2bn as it attempted to attract younger consumers to Kirin Lager.

For 1997, Kirin is forecasting a 12.7 per cent increase in group pre-tax profits to Y76bn, and a 2.7 per cent growth in sales to Y1,640bn.

Ms Aiko Sagaya, an analyst at Dresdner Kleinwort Benson Securities, said Kirin's forecast – in particular, of a 19 per cent jump at parent recurring profit level – was "quite bullish".

"The company has not marked ont a specific plan to recover sales of its mainstay brands, and unless it introduces a revolutionary new type of beer, I think Asaht's strong trend to catch up will continue," sbe said.

Asahi yesterday posted an 18.3 per cent jump in parent pre-tax profits, to Y25.72bn, and a 4.9 per cent increase in net profits to Y6.5bn for the same period.

Sales grew 7 per cent to Y931.2m, boosting market sbare for the fifth consecutive year, to 30.4 per cent. The company expects a 16 per cent rise in pre-tax profits for tbe current year, to Y30bn.

Third-ranked Sapporo Breweries announced flat sales and earnings for 1996. Pre-tax profits at parent level edged up 1.9 per cent to Y14.57bn, on sales of Y619.82bn compared with Y620.15bn for 1995.

Brierley seeks to lift Fairfax stake

By Nikki Tait

A proposal that Brierley Investments, the New Zealand company, sbould lift its stake in John Fairfax, the Australian newspaper publisber, from 19.9 per cent to 24.96 per cent without making a full bid for the company, will today be put to Fairfax shareholders.

Brierley's move is thought to he opposed by some of Australia's weightiest institutional investors, wbo dislike the terms of the deal and the absence of a full bid.

Australian takeover rules normally require anyone wbo acquires more than 20 per cent of a company to make a full bid. However, an exemption can he granted by other shareholders.

Brierley is offering to buy tbe stake from Mr Conrad Black's Telegrapb group at A$2.82 a share – the price at wbich it acquired its 19.9 per cent interest (also from Mr Black) last year.

An independent expert's report has declared the price "fair and reasonable".

Moreover, Mr Kerry Packer's Publishing & Broadcasting group – which holds a 14.9 per cent interest in Fairfax – looks likely to support the proposal.

If Brierley loses today, it can still buy 3 per cent of Fairfax's sbares a month, under tbe so-called "creep" rule.

Shares in Fairfax closed up 6 cents at A$3.15.

ASIA-PACIFIC NEWS DIGEST

Ssangyong clings to car venture

South Korea's Ssangyong group yesterday said it planned to continue making cars in spite of worries that Ssangyong Motors, its dabt-laden venture, poses a financial threat to the group.

Mr Kim Suk-joon, chairman, expressed confidence that a reorganisation to cut costs would return Ssangyong Motors to profitability in two or three years. He said the group would sell property holdings to strengthen the car company's finances.

Ssangyong Motors has estimated dehts of Won3,130bn ($3.6bn) and has suffered escalating losses totalling Won437bn since 1993.

The financial problems have prompted persistent market speculation that Ssangyong might be willing to sell its car division to Samsung, whicb plans to begin making cars next year.

Local reports have claimed that talks, officially denied, between the two groups recently hroke down. Samsung is believed to have been deterred by Ssangyong Motors' beavy debts, in spite of government suggestions that it would offer tax incentives to Samsung to promote consolidation in Korea's troubled car industry.

Mr Kim said the group was committed to making car manufacturing one of its core industries. Ssangyong has been producing four-wheel-drive vehicles and plans to begin making passenger cars next year in co-operation with Mercedes-Benz. *John Burton, Seoul*

Pioneer climbs in third term

Pioneer, the Japanese maker of audio-video equipment, said pre-tax profits in the third quarter more than quadrupled as a result of the yen's dapreciation, cost cutting and foreign exchange gains.

Pre-tax profits surged from Y1.3bn to Y5.3bn ($42m) in the three months to December 31, on sales of Y147.4bn, up from Y142.6bn. Net profits tripled, from Y1bn to Y3.2bn.

Helped by the third-quarter gains, Pioneer recorded an 8 per cent rise in sales, to Y412.6bn, in tbe nine months to the end of December, and reduced its pre-tax loss from Y5.7bn to Y4.7bn.

The company enjoyed robust sales in the quarter of car electronics prodncts in Europe and other regions, but suffered a sharp downturn in sales of its laser disc systems. The laser disc, which was popular in Japan for karaoke use, has suffered from the spread of on-line karaoke and the launch of the digital video disc.

The company has been restructuring its operations, including reducing staff numbers, to regain profitability. *Michiyo Nakamoto, Tokyo*

C&P lifts net profit 30%

C&P Homes, the Philippine low-cost housing group, lifted net profits 30 per cent, to 2.73bn pesos ($103.6m) in 1996, following strong demand in its core business. Group revenues improved from 7.33bn pesos to 9.41bn pesos.

"We doubled our sales in 1995 and that was a tough act to follow," said Mr Manuel Villar, the congressman wbo owns 76 per cent of the company. "We look forward to even better things in the coming years, especially in the light of the government'a renewed commitment to low-cost bousing."

With its reliance on funding from tbe government's Unified Home Lending Programme, the group had experienced difficulties with delayed payments, but this sbowed signs of improving. "Contracts receivable were steady at 7.7bn pesos between tbe third and fourth quarter, which is a very good sign," said Mr Rafael Garchitorena, analyst at W. L Carr in Manila. "And, contrary to rumours, the restructuring of the UHLP is positive and is not working against them [C&P]."

The average collection time for delayed payments fell from 313 days to 298 days. Mr Garchitorena was downgrading his profits forecast for 1997 by 3 per cent, to 3.46bn pesos. *Justin Marozzi, Manila*

NEC, Hewlett-Packard link

NEC, the Japanese electronics company, has linked with Hewlett-Packard of the US to co-operate on systems integration for mission-critical systems in Japan.

The agreement, whicb covers the Japanese market only, calls for the establishment of a joint technical support centre in Japan to provide support on design, development, installation and operation of mission-critical systems for corporate customers.

Mission-critical systems are used by large companies such as banks, securities companies and insurers for financial transactions that have previously been carried out by large mainframe computers but are being shifted to open systems because of their lower costs and ease of use.

NEC has particular expertise in serving Japanese clients, while Hewlett-Packard is a leading supplier of open systems. NEC'a mission-critical systems are currently procured from Hewlett Packard.

The two companies expect to generate total sales of Y150bn ($1.2bn) over the next three years from the collaboration. *Michiyo Nakamoto*

Burns Philp static at halfway

Burns Philp, the Australian food ingredients company, yesterday announced flat first-half profits, after tax but before abnormal items, of A$51m (US$39.2m), compared with A$50m a year earlier. Sales edged ahead 1 per cent to A$1.04bn.

The group said the stronger Australian dollar had a significant impact, with pre-interest earnings falling 5 per cent after allowing for this, but rising 5 per cent after adjustments for the currency fluctuations and for asset disposals.

Burns warned that continued competition and rising raw material costs would limit profits growtb and said the full-year results were unlikely to show much advance over last year. In 1995-96, Burns made an after-tax profit of A$74.8m before abnormals. *Nikki Tait, Sydney*

ASX in Jakarta agreement

The Australian Stock Exchange and the Jakarta and Surabaya Stock Exchange in Indonesia have signed memoranda of understanding whicb are designed to facilitate tbe flow of information between them on markets, listed companies, financial instruments, and related matters. The agreements also pave the way for further transfer of technical information.

Nikki Tait

Gold weakness pulls down Renison

By Nikki Tait

Lower commodity prices and weaker results from some gold interests caused Renison Gold Fields, tbe Australian mining company, to post a fall in profits, to A$25.9m (US$19.8m) after tax hut before abnormal items, in the half-year to end-December.

In the same period a year ago, profit was A$33.7m. Revenues slipped 2 per cent, to A$463.6m.

Renison saw an improved performance from its mineral sands interests, wbose contribution to operating profits rose from A$39.8m a year ago to A$56.3m.

Thia was attrihuted largely to "strong increases" in sales prices, although the results also take in a contribution from Consolidated Rutile (CRL) for the first time. Renison acquired control of the Cudgen group, which owns 50.1 per cent of CRL, during the half-year.

However, lower tin prices helped push the Renison Tin business into the red, with a A$4.1m loss compared with last time's A$1.6m profit. The Thalanga base metals interests in Queensland posted a A$1.13m loss, down from a A$10.1m profit a year ago.

On the gold side, Renison's indirectly held interest in the Porgera goldmine in Papua New Guinea contributed A$19.7m, down from A$23.7m a year ago, while lower gold production at the Kundana goldmine meant its contribution fell from A$10.5m to A$5.3m.

Yesterday, Renison admitted it would he "a significant challenge" to match its 1995-96 full-year profit, wben it made A$76.5m after tax.

Tbe weaker Australian dollar would belp, as would the strengthening of some base metals prices, but the lower gold price would have the opposite effect.

After a tax-related abnormal surplus, the bottom-line profit was 4 per cent lower, at A$32.3m.

● Savage Resources, the Australian zinc and coal producer, is to raise A$53.3m through a share placement. The company, which also has a 49 per cent stake in the Ernest Henry copper-gold mine in Queensland, said tbe monay would fund a number of projacts, including expansion US zinc interests.

US damages against GKN could be cut

By Tim Burt

Shares in GKN yesterday rose 22p to 935½p after the UK engineering group said a US judge had signalled he might cut a multi-million dollar damegee eward against the company by more than 30 per cent.

GKN was last December convicted of defrauding some 2,500 franchisees of Meineke Discount Mufflers, its specialist US exheust retailer, by diverting fees intanded for advertising campaigns.

At the time, a jury in North Carolina ewarded punitive damages of $150m and $197m in compensation – which could be trebled to $591m under the state's Unfair Trade Practises Act – taking the total to $741m.

Yesterday, however, GKN said Judge Robert Potter – sitting in the federal district court in Charlotte – had issued a legal notice which implied the award could be sharply reduced.

The company maintained Judge Potter had indicated he would recogniee "releases" eigned by some of Meineke'e franchisees, under which they waived their right to compensation.

Lawyers ecting for the franchieees, however, said they would continue to press for more than $740m and would file legal submissions claiming that the releeees were obtained fraudulently and under duress.

GKN has warned it will appeal against the damages, thought to be the largest ever filed against e UK company in the US. Judge Potter has given the two sides a week to come up with an agreed formula on how any damages should be allocated among the franchisees.

If they fail to reach agreement, Judge Potter has made clear he will enter a ruling that could either increase or reduce the jury's eward.

GKN yesterday seid it would make an "appropriate provision" against its 1996 accounts to cover any damages, although it predicted such a provision would not affect its 1996 dividend.

Analysts are split on the impact of the likely damages. Some believe the judge will impose damages at the bigher end of expectations, which could virtually wipe out GKN's estimated £560m cash reserves. But others say the award will not adversely affect the company.

No blueprint for Hanson's big bang

Ross Tieman charts the development of the acquisitive conglomerate's fragmentation

Hanson shareholders will meet in London today to approve the final stage of an extraordinary corporate restructuring.

By Mondey, when trading begins in new Hanson stock and Energy Group shares, e £10hn-a-year conglomerate will have been split into five quoted companiee, and £2.6hn of disposals completed. Yet no blueprint ever existed for Hanson's fragmentation. It came about, says chief executive Mr Derek Bonham, "by evolution, not revolution".

When Mr Bonham was elevated from finance director to chief executive in April 1992, Hanson'e destiny as an acquisitive conglomerate seemed unquestionable.

Over the best part of 30 yeare its chairman, Lord Hanson, and his partner, Lord White, hed become renowned as fearless takeover barons, capturing companies on both sides of the Atlantic.

Mr Bonham was Lord Hanson's protégé, apparently destined to succeed him as chairman. Few imagined he would reverse the strategy of three decades. Yet that is precisely what be did. He was determined that Hanson, unlike so many of its erstwhile targets, ehould not end up as e kind of industrial museum of unrelated businesses.

"We recognised that one couldn't just keep buying businesses," he says. "You had to create growth."

Mr Bonham and his lieutenants began e massive clear-out. By the end of 1993, they had sold most of the smaller businesses whose success or failure was concealed by Hanson's size.

But not all. Shedding the diverse portfolio of small US businesses was proving slow. Returns on e hulk trade sale looked inadequate; a demerger impossihle because of the tax implications. Bonham was stale-mated until a bright spark figured that the Inland Revenue might buy the idea of a dual-resident business. It did, but it was not until May 1995 that Hanson succeeded in demerging US Industries, clearing out 34 businesses and e raft of debt at a stroke.

Dieposal proceeds were used to buy Eastern, the UK electricity distributor, and reinforce Hanson's strong points: tobacco, chemicals, coal mining and building products.

But the logic of the USI demerger had ecquired a life of its own. Markets and fund managers had become more sophisticated; institutions more reluctant to invest in ill-assorted businesses that lacked synergy. In mid-January 1996 the Hanson board, still chaired by the founder, approved Bonham's response: a four-way demerger of the remaining group.

"This last year has been one of the most brutal years of my life – and I have never shirked very hard work," Bonham says. "You are trying to run the businesses as well as trying to drive the demerger process. We have made people work harder than I think they ever realised they could."

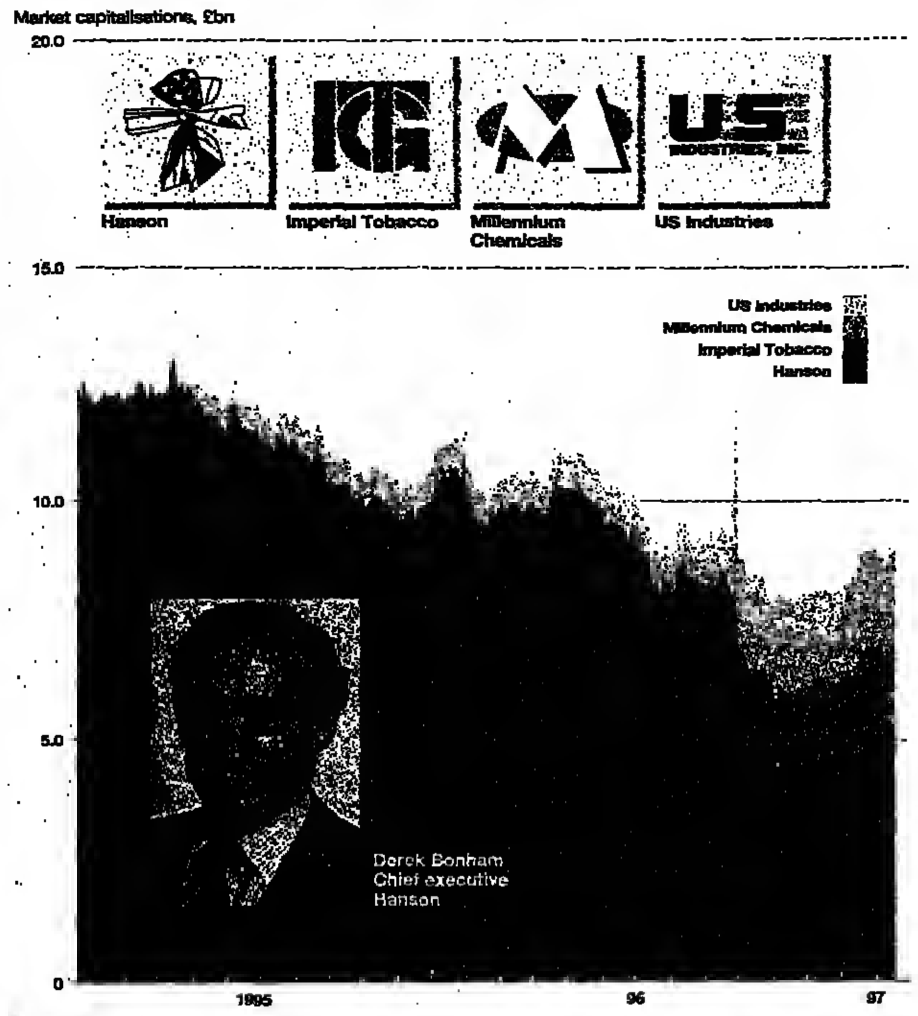
But as the chart shows, shareholders have yet to reap a benefit and they have seen the value of their investment decline.

Shareholders in the demerged Hanson businesses will receive in total about 8p of dividends – half the level paid out by the business in the past.

But the most telling test of the demerger decision will be the performance of the most promising parts, the Energy Group and the rump Hanson – essentially e building materials business.

Mr Bonham has chosen to stay with the Energy business as executive chairman. But there is one consequence he rues. "I regret that I am not taking over as chairman when Lord Hanson retires. Thet is what I thought I was going to do."

Hanson: breaking out the value



Source: Datastream

Strength of pound hits BOC

By Jenny Luesby

BOC, the industrial gases group, yesterday unveiled stagnant first quarter results after the strong pound knocked £5m from overseas profits.

Pre-tax profits rose 2 per cent to £102.7m on sales up 1 per cent at £893.9m in the three months to December 31. On an underlying basis, the pre-tax figure rose 7 per cent on sales up 6 per cent.

Hardest hit by the currency movements was the indnstrial gases business, where operating profits rose 2 per cent, to £96.4m, on sales up 3 per cent at £698.6m. Both would have risen hy 10 per cent if currencies had remained stable, said Mr Danny Rosencrantz, chief executive.

He expected accelerated growth and increased profitahility this year due to new long-term take-or-pay gas contracts, already signed.

In healthcare, operating profits fell from £13.5m to £13m on sales down 7 per cent at £108.3m. This was due to further price falls for Forane, the group's anaesthetic gas, and week demand for anaestheeia equipment in the US.

Bunzl to pay $72m for AFC

By Michael Lindemann

Bunzl, the packaging group which has seen through a string of acquisitions and disposals recently, is paying $72.5m in cash for American Filtrona Corporation.

Bunzl is understood to hava been tha preferred buyer for AFC which was owned by WBT Holdings, a company held by several trusts for the benefit of the family of the late Walter Bunzl.

AFC specialises in cigarette filters and ink wells for felt-tip pens. The acquisition will expand Bunzl's filter and fibre businesses, an area in which it is already one of the world leaders.

The sale has still to be approved by the US competition authorities.

AFC reported 1996 operating profits of $8.9m on sales of $72.8m. The husiness had net assets of $14m at December 31.

Analysts expect the AFC acquisition to enhance earnings only minimally this year because the company is likely to be consolidated only for the last six months. They forecast, however, that it will increase 1998 earnings by 2 per cent.

COMPANIES AND FINANCE: UK

Bidders allowed to publicise offers to allay policyholder fears

ScotAm auction to be open

By Christopher Brown-Humes in London and Gordon Cramb in Amsterdam

Scottish Amicable, the mutual life insurer which has put itself up for sale, has bowed to pressure to conduct a transparent auction.

Its move came as SBC Warburg, adviser to the group, said "about half a dozen companies" had signed confidentiality agreements to gain access to the auction.

Scottish Amicable said it would let any bidder publicise its bid after February 28 – the deadline for receipt of "firm offers". It also says it would give its 1.1m policyholders information about "all competitive proposals" – even if some of the companies behind them remain anonymous – when it outlines its reasons for accepting a preferred bidder in a circular due out in May.

Previously Scottish Amicable said it was not going to allow bidders to disclose the terms of their offers.

The moves address concerns that a secretive bidding process might not produce the best deal for policyholders. They are also designed to prevent a disgruntled bidder from launching a hostile bid.

Mr Sandy Stewart, Scottish Amicable chairman, said: "We beleve the process we are publishing today will maximise value for policyholders and will be seen to have done so."

The mutual wants "final" offers by mid-March so it can announce the name of the recommended purchaser that month.

Three companies known to have signed confidentiality agreements are Prudential, Abbey National and Australian Mutual Provident, the Australian life insurer.

But mystery surrounds the identity of the other groups, with a number of UK and overseas companies moving to distance themselves from involvement yesterday. There was speculation that Fortis, the Belgian-Dutch insurer, might have entered the fray, although it indicated 10 days ago it was preoccupied with its purchase of MeesPierson, the Dutch merchant banking group. It declined to comment. National Westminster Bank, also seen as a potential bidder, also declined comment. Aegon, the Dutch group which already owns Scottish Equitable, another Scottish life insurer, said it was "not involved."

Prudential has offered £1.9bn for Scottish Amicable: Abbey National has offered up to £1.4bn.

US operation disappoints Rank

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Mr Andrew Teare, chief executive of Rank Group, said yesterday there would be a review of the leisure company's US holiday operations after a disappointing 1996 performance.

A 7 per cent rise in UK holiday profits to £60m ($97.20m) was more than offset by a 45 per cent fall in the US, from £11m to £6m, due to weak demand for timeshare arrangements from its blue-collar market. UK divisional turnover was up 8 per cent at £401m.

Gronp operating profits rose 13 per cent to £290m, before exceptionals.

The strongest performance came from the film and entertainment division which saw operating profits rise by 24 per cent to £84m on turnover up 11 per cent at £619m.

The rise was driven by video dnplication which, along with Odeon cinemas, benefited from a series of blockbuster releases including *Independence Day*.

The leisure division reported a 10 per cent rise in profits, to £92m on turnover up 11 per cent at £556m.

In the newly created Hard Rock division – the smallest business contributing 16 per cent to total operating profits – profits rose by 12 per cent to £46m on turnover up a third at £194m. Like-for-like sales fell 4 per cent, partly due to a poor performance at the Paris café, where the tourism trade was affected by bombings.

Mr Teare said last year had been spent re-energising a "sleepy" Hard Rock which would now be followed by a brand awareness campaign including a Hard Rock Live US television series and the launch of a Hard Rock record label. But growth would come from new openings of up to 12 cafés a year.

Holidays and leisure accounted for most of an exceptional £148m property write-down. Other exceptional losses included £62m on disposals, £35m on restructuring and £12m for capital reorganisation. Exceptional gains included a £18m gain in the precision industries division and a £7m interest credit.

RESULTS

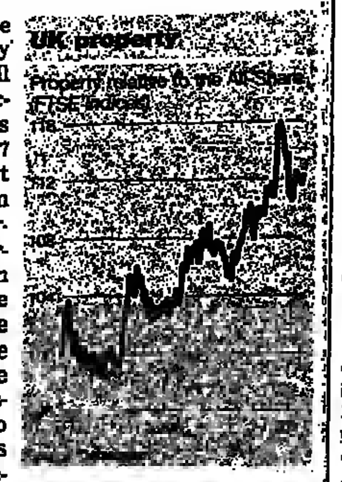
		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Arcon Intl ♣	Yr to Aug 31	1.63	(1.42)	0.214♥	(0.475L♠)	0.08	(0.3L)	-	-	-	-	-
BOC	*3 mths to Dec 31*	*961.7*	*(968.1)*	*102.7*	*(100.8)*	13.49	(13.23)	-	-	-	-	27✠
Bolton	6 mths to Oct 31	0.011	(0.265)	0.562L	(0.524L)	1.5L	(1L)	-	-	-	-	-
Bowness Leisure Φ	Yr to Oct 31	2.17	(2.07)	0.249	(0.225)	23.1	(20.4)	5	July 1	4.5	5	4.5
Carisbrooke Φ	Yr to Dec 31	12.7	(12.6)	1.02	(0.923♠)	10.88†	(10.78)	2.5	Apr 28	-	3.5	-
City Site Ests	Yr to Sept 30	11.1□	(10.6□)	0.11	(0.902)	1.58	(3.21L)	nil	-	nil	nil	nil
Conister Trust Φ	Yr to Dec 31	-	(-)	0.905	(0.776)	4.04†	(3.88)	1.6◆	Apr 15	1.6	2	1.8
Easynet Φ	Yr to Dec 31 ☆	2.16	(0.64)	0.97L	(0.11L)	6.34L	(2.8L)	-	-	-	-	-
Provident Financial	Yr to Dec 31	429.7	(448.4)	118.5	(101.1)	29.31	(25.17)	10	May 1	8.5	16.5	14
Rank	Yr to Dec 31 §§	2,084	(1,919)	65♠	(644♥)	6.6L	(59.7)	12	Apr 23	11.05	17	15.8#
Verity	6 mths to Dec 31	23.6	(23.1)	1.43L♠	(1.24)	0.6L	(0.5)	nil	-	0.05	-	0.15

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Fleming Smaller	6 mths to Jan 31	178.9	(161.31)	0.344	(0.406)	1.31	(1.56)	1.3	Apr 3	1.3	-	4.5
Gartmore Shared	9 mths to Jan 31	98.8	(88.2‡‡)	4.04	(3.07)	6.08	(5.75)	2.475‡	Mar 27	2.4	-	9.5
Kleinwort Overseas	Yr to Dec 31 ★	316	(320.1)	4.14	(3.69)	5.18	(4.59)	2.51✱	Apr 9	1.95	4.41	3.55
Pontaine Alm VCT	*10 mths to Jan 31*	*103.7*	(-)	*0.12*	(-)	2.6	(-)	2.5	Apr 8	-	3.73‡	-

Earnings shown basic. Dividends shown net except ◆gross throughout. Figures in brackets are for corresponding period. ♣Irish currency. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ✠Total of 29p proposed for current year. ΦAim stock. □Rental income. ☆Comparatives for 17 months. §§Comparatives pro forma. #For 14 months. ‡‡At April 30. ‡Third interim; makes 7.425p to date. ★Comparatives restated. ✱Includes foreign income dividend element. ‡Includes 1.23p from realised capital gains.

LEX COMMENT

Property



The £65m rights issue announced yesterday by Grantchester Holdings will certainly not be the sector's last. With shares trading at a premium of 7 per cent to average net asset value, the temptation to raise cash is considerable. The long-term average discount has been closer to 20 per cent. The risk, of course, is that the supply of paper will be such that interest in the sector is drowned. But history looks unlikely to repeat itself. Companies themselves can be expected to exercise a measure of self-restraint. Back in 1993 a lot of money was raised in order to repair weak balance sheets. This time round, the sector is less financially stretched. Investors are also likely to prove unwilling to fund companies' more extravagant ambitions. The lukewarm reception provided to last month's right issue from Great Portland Estates is a reflection of investors being unenthusiastic about opportunistic capital-raising exercises.

While increased tenant demand and rising rentals provide supportive fundamentals, the industry mood is still quite cautious. Grantchester, for example, is insisting that it will only pay the supermarket group J Sainsbury for the 24 units it has agreed to purchase when each has been developed and fully let. But even though the sector has outperformed the market by 12 per cent over the past year, it should have further to go. The earnings outlook remains positive and it also offers refuge from expensive industrial groups and the strong pound.

Grantchester joins property cash calls

By Andrew Taylor

The £65m ($105m) rights issne yesterday from Grantchester Holdings, the retail warehouse investor, takes the total raised by property companies on the stock market to £1.47bn since the beginning of last year.

Property shares have outperformed the market by 12 per cent in the past year. Companies have been cashing in on the strong performance to raise capital to pay for acquisitions and new developments.

Mr David Basra, analyst with DTZ property consultants, said: "Shares in the sector are currently trading at a premium of 6.9 per cent to average net asset value which is well above its long term average discount rating of 20 per cent."

The rights, underwritten by BZW, is on a 7-for-10 basis at 137p. Grantchester also announced new banking facilities of £45.8m arranged by Société Générale.

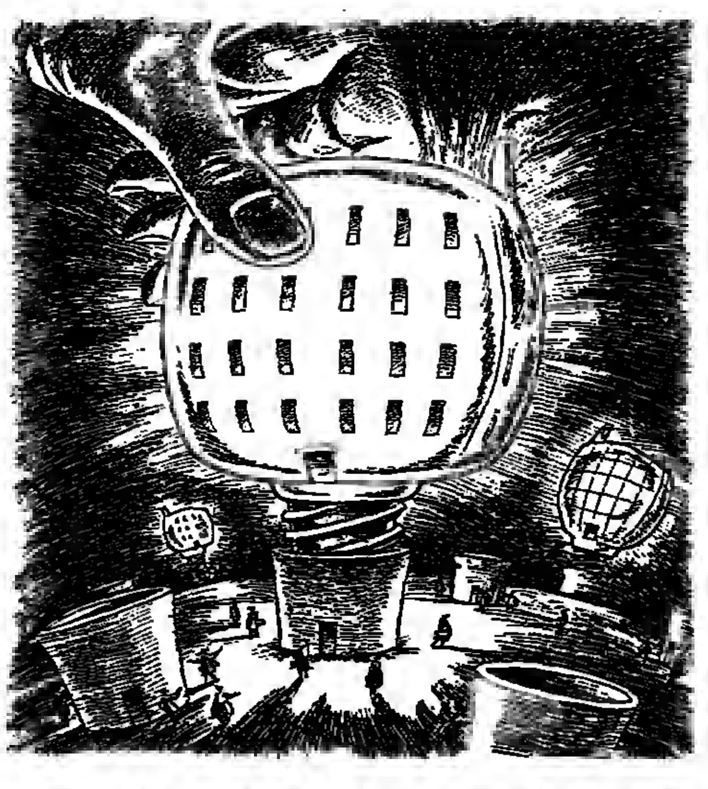
The cash is for the purchase of up to £121.8m of retail warehouses in four separate transactions.

Grantchester, which was demerged from Burford in November, saw its shares rise 4¼p to 166p yesterday compared with a current net asset value of 91p.

MANAGEMENT

Peter Marsh on the factors behind a ground-breaking German deal to establish new working patterns

A shift to flexibility



How many Germans does it take to make a light bulb? The answer to this seemingly light-hearted question is at the core of a ground-breaking deal between one of Germany's biggest unions and the management of Osram, the world's second largest maker of light bulbs.

The deal with the IG Metall engineering union, which will safeguard jobs at Osram's plant in Augsburg, southern Germany, is one of the latest examples of how German manufacturers are confronting the future in one of the world's most costly and organised labour markets.

In exchange for a commitment on jobs, the union agreed to a more flexible shift system – employees were aware Osram had been considering transferring plans for a new production line from Augsburg to a plant in Bari, Italy, where labour costs are 40 per cent lower.

The threat was real enough. A big factor behind the recent surge in German unemployment is the shift by many employers to lower-cost production sites, for example in eastern Europe. A recent study from DIHT, an umbrella body for Germany's chambers of industry and commerce, found 28 per cent of west German manufacturers were planning such moves over tha next three years – with nearly two-thirds citing labour costs as the main reason.

But, as the Osram deal shows, decisions over factory location depend on a variety of factors in addition to labour costs. Productivity, plant flexibility, closeness to customers and the technical content of the work are all included in the equation.

Osram, part of Siemens, Germany's biggest electronics and electrical goods company, says productivity in its German plants is normally higher than elsewhere, reflecting the greater skill of the German workforce. Output per person in its US plants is roughly half that in Germany. Meanwhile it takes 38 times more people to turn out Osram light bulbs in China as in Germany, going a long way to cancel out China's fifty-fold advantage on labour costs .

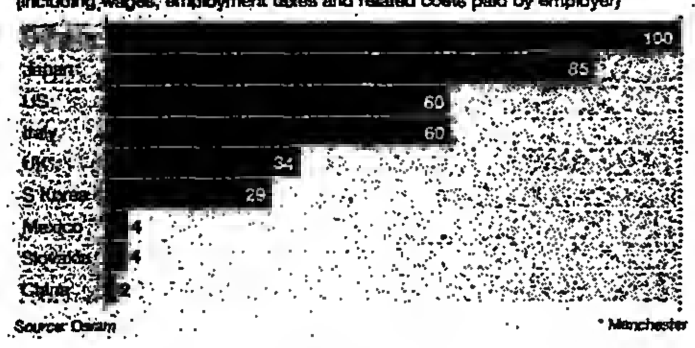
In the end it was German productivity – appreciably higher than that in Italy – that swung the decision Augsburg's way. The new DM28m (£10.2m) production line will make low-energy "compact fluorescent" bulbs – a small but growing part of the world's DM22bn a year light-source industry.

Tha union agreed a deal to keep the new line running for up to 160 hours a week, 18 hours longer than the previous agreed maximum for the plant. The agreement applies to only a small proportion of the Augsburg factory's 1,900 workers. But Wolf-Dieter Bopst, Osram president, says it is a "good sign" for future deals to increase plant flexibility.

Some three quarters of Osram's 29,500 employees work outside Germany. The company is continually examining the good and bad points of locating new investments outside its homeland – both on economic grounds and to be closer to its foreign customers which account for nearly 90 per cent of its DM6bn annual sales.

Shedding light on costs

Index of costs of employment in Osram factories
(including wages, employment taxes and related costs paid by employer)



Source: Osram

* Manchester

Recently, Osram moved part of its production of specialist "photo-optic" lamps from its Berlin factory to another in Shaw, near Manchester in the UK, to take advantage of the plant's 66 per cent lower employment costs (see chart). The decision means a DM25m investment at Shaw, and could by the eod of the century add 200 jobs to the current workforce of 500. Bopst says the UK plant's "high engineering skills" and good record on production flexibility were also important.

Germany's more restrictive laws over sucb areas as Sunday working and the length of the working week make flexibility agreements for its own manufacturers more difficult to reacb. But with unemploymeot rising, more companies and unions are agreeing patterns of flexible working which were unthinkable five years ago. Many of the deals are reached locally, often circumveoting national agreemeots.

Another factor is quality. At Heidelberger Druckmaschinen, the world's biggest maker of printing equipment, half tbe 17,000 employees and most of the production operations are in Germany. This is in spite of nearly 20 per cent of the company's DM5bn annual sales being made abroad. Hartmut Mehdorn, Heidelberger's chairman, says many customers are bappy to pay a premium for the "Made in Germany" tag, with its reputstion for product reliability.

German companies are also beginning, when siting production, to differentiate between the labour needs for low and high-technology output. In so-called "low-tech" production, the costs of employing production-lioe staff tend to be the determining factor in plant location. But the most highly skilled jobs, such as those in design, will tend to be retained within Germany.

A case in point is Knorr-Bremse, a large German maker of truck and railway braking systems, whicb has roughly two-thirds of its 7,000 workers abroad. Heinz Hermann Thiele, chairman, says the German share of the company's total production will fall from 25 per cent now to 20 per cent by 2000. But it will cootinue to account for the more sophisticated operations: "In Germany, we will not do simple jobs any more," he says.

Benefits of a broader perspective

Companies are taking a pan-European view of their management structures, says **Motoko Rich**

While the UK government deliberates its involvement in Europe, British-based companies with cross-border operations are finding that the European single market is becoming a vital factor in tha way they structure their businesses.

Spurred by converging standards and tastes across Europe, TLG, the Hertfordshire-based lighting equipment maker, recently abandoned its country-by-country managerial structure and adopted a pan-European system of managing its business by prodnct categories.

"It is not just a political or economic story," says Thierry Vayssette, managing director. "Five years ago it was very difficult to develop a product for five different countries in Europe. But now, in our business, the characteristics of our products and the installation habits are converging."

TLG – which started with vertically-integrated operations in each geographical market – has gradually recognised the need to develop a common approacb across Europe.

In 1991 the gronp introduced a "matrix" system of management, by whicb regional executives took on pan-European responsibilities.

"For example, the marketing director in the UK was also in charge of lighting for architectural projects for the whole of Europe, and the marketing director for France was also responsible for running the outdoor range of prodncts across Europe," says Vayssette.

Early last year the group decided this system did not go far enough towards Europe-wide integration. Many of its cnstomers – wholesalers and retailers – were themselves becoming pan-European and telling their suppliers they wanted to deal with one company throughout Europe.

Thierry Vayssette: 'nature of demand has changed'

So TLG asked Ernst & Young, the accountancy and consultancy firm, to belp it develop a new management structure. Before reorganising, the group considered several options, including the traditional approacb to management by function. That way the company would have had a manufacturing director, a technical director and a marketing director, each with responsibility for the wbole of Europe.

> **The group believes the structure will help it achieve 5 per cent savings in purchasing costs**

But the conventional structure seemed far from ideal. Prodoction methods differed so greatly between different types of lighting that it proved more efficient to have the manufacturing, product development and marketing fnnctions under one prodnct area, says Vayssette.

Ernst & Young advised the group to rationalise its product range and its network of European factories. "The way to serve a market is to ignore the national boundaries," says Tim Curry, the partner who led the Ernst & Young team.

The group set np three "centres of excellence" in Europe, based aronnd its core lighting product ranges: indoor commercial, indoor architectural and outdoor lighting. Each division is headed by a managing director with Europe-wide responsibilities. The group has also appointed a European commercial director to manage and develop the existing salesforces. "The selling operations are still country-based because we want the point of contact with our customers to remain on the same basis as it was previously," says Vayssette.

Divisional managers are beginning to see the benefits of the new organisation. Terry Smith, director of the indoor commercial division, says the new system makes it easier for the group to transfer its best manufacturing and design practices across Europe and between divisions.

The group believes the new structure will belp it to achieve savings of abont 5 per cent in purchasing costs over the old system. The expected greater benefits, it says, will take longer to emerge because the company has been suffering from weak trading conditions in most of its geographical markets. Last December it reported interim pre-tax profits down 27 per cent to £8.3m, and said market conditions would remain "challenging".

But the company believes the oew system will ultimately increase competitiveness and improve customer service.

Vayssette says the company has to follow the direction of the market: "There has been a change in the market. Europe is becoming more and more of a single market witb common requests everywbere. The nature of demand has changed."

BUSINESSES FOR SALE

INTERNATIONAL CAPITAL MARKETS

Lender bail-out reports hit Japan

GOVERNMENT BONDS

By Samer Iskandar and Edward Luce in London and Lisa Bransten in New York

Japanese government bonds fell sbarply yesterday as investors switched to equities following press reports that the government was planning to buy land from troubled mortgage lenders with public funds.

The Marcb JGB future fell 0.80 to 125.60 in Tokyo, but later recovered to 125.67 in London trading.

"We feel that the market has overreacted," said Ms Joanne Collins, senior economist at Nomura International. Late in the day, the government hinted that no new funds would be involved in tha land transactions.

Ms Collins expects JGBs to recover from yesterday's losses. She said bargain-hunters were already buying at the lower levels.

Tha 10-year benchmark JGB No 193 was particularly wall supported, she said, with retail investors showing interest when the bond's price fell below par.

However, Nomura is predicting a modest weakening of JGBs throughout the year, with 10-year yields rising from 2.5 per cent currently, to about 2.7 per cent.

Italian bonds had a positive session ahead of the release of preliminary consumer price data from the largest cities. Economists are expecting the headline year-on-year rate to slow to 2.5 per cent, from 2.6 per cent in January.

Liffe's March BTP future settled at 130.56, up 0.89, before reaching a high of 130.94 in after-hours trading.

Mr David Brown, chief European economist at Bear Stearns, described the rally as "a temporary stall in the deconvergence".

UK gilts responded well to downward revisions in the Confederation of British Industry's forecasts for UK inflation and economic growth. *Stronger than expected* growth in M4 money supply in January failed to unsettle the market.

On Liffe, the March long gilt future settled $\frac{7}{32}$ higher at 113¼. Traders attributed the bullishness to the continuing strength of sterling against the D-Mark.

"The fiscal noose is tightening around the necks of Europe's economies, so monetary policy has to remain loose to compensate," said Mr Andrew Roberts, bond strategist at UBS in London.

German bunds held firm despite news of stronger than expacted monetary growth in January. The M3 aggregate grew by 11.7 per cent, *exceeding the Bundes*bank's limit of 6 per cent.

On Liffe, the March 10-year bund future closed 0.01 higher at 103.50.

US Treasury prices slipped in early trading as weak figures on home construction were overshadowed by stronger than expected weekly employment data.

Near midday, the benchmark 30-year Treasury was down $\frac{5}{32}$ at $100\frac{4}{32}$ to yield 6.596 per cent, while the two-year note lost $\frac{1}{32}$ to $100\frac{4}{32}$, yielding 5.804 per cent.

New housing starts were weaker than expected, with 1.4m new homes begun in January, up from 1.3m in December. Economists had expected *a stronger rebound*.

Meanwhile, there were fewer claims for unemployment benefits than expected, with the number of new claims edging up by 1,000 applications.

Mr Bruce Steinberg, an economist at Merrill Lynch, said the employment figures might be more important to the Federal Reserve.

"The Fed is acutely sensitive to labour market developments because tight labour markets are the chief potential imbalance facing *the US economy in 1997*," he said. "For that reason, the low level of claims is a warning signal."

Slow start for Turkish loan facility

By Conner Middelmann

Turkey's attempt to raise $150m for motorway financing has got off to a slow start because the *syndicated* loan market is over-exposed to Turkish borrowing.

Bankers say the latest deal *from the country* is moving slowly in general syndication, in spite of its generous pricing, because many lenders cannot increase tbeir Turkisb exposure.

"After the flood of Turkish one-year deals in recent months, most lenders have met their country limits and won't be able to take any more until other deals roll over," said ona banker. *"Until this happens*, starting around April, it will be hard for Turkish borrowers to raise money, no matter how generous the pricing."

Deteriorating credit fundamentals have also dampened some banks' enthusiasm. Moody's is reviawing Turkey's Ba3 rating for a downgrade, following Standard & Poors' decision late 1996 to lower its rating to single-B.

Another banker said, as a result *of oversupply* and the further declina in Turkey's credit ratings, be expected "pricings in Turkey to edge upwards, especially for maturities over one year".

This is borne out by the terms on Turkey's three-year deal, which includes put options after one and two years. The interest margin is 75 basis points over Libor for lenders going for the one-year put option, increasing to 175 basis points for years two and three. Even more remarkably, co-arrangera receive fees of 210 basis points for two years and 540 points for three years – one *of the highest* front-end fees in recent years, bankers say.

Meanwhile, dealers await further newa on a $520m *credit facility* for the government of Bahrain via National Bank of Bahrain. Tha response, even from local Gulf banks, was cool and Bahrain is now believed to be restructuring the deal.

The facility has a long 15-year tenor (most banks only have seven-year *limits for* middle-eastern borrowers) and a tight margin of 60 basis points. Bahrain is now *believed* to be planning to include an export credit agency guarantee.

Elsewbere, syndication of a Y11.25bn seven-year term loan for Electricidad de Portugal closed this week having been 15 to 25 per cent ovarsubscribed, arranger BOT-*Mitsubishi* said.

Although it is denominated in yen, no Japanese banks participated in the deal, which was distributed among eight continental European banks. Japanese banks are still having to pay more than their European and US counterparts to borrow money in the inter-bank market. This is the so-called Japan premium, which can total up to ⅛ point.

A flurry of South African bank deals have seen strong demand. A $100m three-year financing for Standard Bank was increased to $130m after raising more than $160m in syndication; a one-year loan for First National Bank has been upped to $250m from $230m after *raising $270m in* the market, and facilities for Nedcor Bank and ABSA Bank are said to be attracting strong demand.

Ford global offering increased to $1.25bn

INTERNATIONAL BONDS

By Conner Middelmann in London and Leslie Crawford in Mexico City

Ford Motor Credit Corporation launched its long-awaited global five-year bond, to be priced today at a spread of 38 to 39 basis points over Treasuries, via *book-runner Goldman Sachs*.

Market dealers reported strong demand for the bonds, helped by improving sentiment towards US dollar bonds and investors' bunger for spread product.

"Over the last week, credit spreads across tbe curve have come in by 2 to 3 basis points," said one trader at another bank. Ford's deal was increased late in the day to $1.25bn from $1bn in response to strong demand.

Another $1bn issue was launched by Sakura Capital Funding, the financing arm of Japan's Sakura Bank. The subordinated, perpatual offering, an attempt by Sakura to expand its investor base outside Japan, was split into a $600m floating-rate tranche and a $400m fixed-rate portion.

Lead manager Merrill Lynch reported good demand from pension funds and insurance companies for the fixed-rate portion and *from financial institutions* and trading companies for the floating-rate tranche.

Meanwhile, Mexico announced plans to raise Y50bn ($400m) through an issue of seven-year government bonds in Japan's domestic samurai bond market as part of an ongoing strategy to lower its cost of funds and retire more expensive public debt. The bonds will bear a fixed annual interest rate of 4 per cent, officials said.

The government recently raised L500bn through a 10-year bond issue and DM1.5bn through a 12-year sovereign bond.

Mr Martin Werner, deputy finance minister, said $590m of the funds raised by the lira and D-Mark placements would be used to repay, ahead of schedule, part of tha $17.8bn borrowed from the International Monetary Fund during the peso crisis of 1995. The remainder *would be used to boost the* central bank's international reserves, which totalled $8.7bn in early February.

The yen sector saw a Y50bn 12-year offering for Caisse Centrale dn Crédit Immobilier, the Frencb mortgage lender. It was only the second syndicated public euroyen transaction this year and 3CIF's third foray into this market.

In the sterling sector a £300m five-year FRN for Midland Bank was mostly placed among UK institutions but also saw demand in Europe and Asia, lead HSBC said. At the close the notes were bid fractionally above their re-offer price.

A £150m offering for Safeway, the UK food retailer, also met a good response.

An official at lead CSFB said the deal was helped by the dearth of supply in the intermediate maturities and by the borrower's change of name last summer from Argyll to Safeway, "which has much wider name recognition".

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Ford Motor Credit Corp	1.25bn	(a)#	(a)R	Feb 2002	0.35R	(a)(WI 5yr)	Goldman Sachs & Co
MBNA MCCT II, Class A(b)‡	850	(b1,s)	100.00R	Mar 2012	-	-	Lehman Brothers
FBCCMT, Series 1997-1(c,s)	394.8	6.40#	99.87723R	Feb 2002	0.325R	+30(WI 5yr)	JP Morgan Securities
BGB Finance (Ireland)	300	6.25	100.00R	Mar 2001	0.125R	-	Daiwa Europe
Islamic Rep of Pakistan(d)§	150	6.00#	100.00	Feb 2002	2.50	-	Nomura/UBS(East Asia)
Comerica Bank(e)‡	100	(e1)	99.9825	Mar 2002	0.175	-	Lehman/Sanwa Intl
Banco Nordeste do Brazil(f)	50	9.625#	99.95R	Mar 2005	0.875R	+325(WI 5yr)	CSFB
D-MARKS							
Batavia II Credit Card(g,s)	340	5.875	99.31R	Mar 2009	0.35R	+43(6%Jan07)	Morgan Stanley Bank
Raiffeisen Zentralbank	300	4.875	101.84	Mar 2003	2.625	-	DG Bank
LB Rheinland-Pfalz‡	100	(h)	99.875R	Mar 2007	0.325R	-	Morgan Stanley Bank
YEN							
3CIF★	50bn	3.00	100.00R	Mar 2009	0.35R	-	Nomura International
Tokai Finance(Curacao)(j)‡★	20bn	(j1)	100.00	undated	0.30	-	Tokai Bank Europe
FRENCH FRANCS							
Sara Lee Corp	1bn	4.625	99.738R	Mar 2002	0.30R	+22(4%Mar02)	Société Générale
Eurofima(k)‡	500	(k1)	99.70	Mar 2007	0.325	-	Société Générale
STERLING							
Midland Bank‡	300	(m)	99.959R	Mar 2002	0.15R	-	HSBC Markets
Safeway	150	7.50	99.37R	Mar 2004	0.375R	+45(6%Nov04)	CSFB
SWISS FRANCS							
Bayerische Hypo	150	3.00	102.20	Apr 2003	2.25	-	CSFB
Deutsche Ausgleichsbank	100	3.50	102.25	Mar 2007	2.75	-	Banca del Gottardo
GUILDERS							
ABN Amro Bank	400	6.00	100.42	Mar 2009	0.425	+53(5¾Feb07)	ABN Amro Hoare Govett

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. § Convertible. ‡ Floating-rate note. #Semi-annual coupon. R: Fixed re-offer price: fees shown at re-offer level. a) Priced today 38-39bp over. b) Master Credit Card Trust. Average life: 15 yrs. Legal maturity: 15/8/14. b1) 1-mth Libor +16bp. b2) Class B: 575m. 1-mth Libor +35bp, parR, 15/3/12 expected. c) First Bank Corporate Card Master Trust. Av life: 4.97 yrs. Legal maturity: 15/2/03. c1) Class B: $6.3m. d) Exchangeable into Pakistan Telecommunications "A" shares at rupees 39. FX: 40.08 rupees/$. Puttable on 26/2/00 at 104.71%. Callable from 26/2/00, subject to 133% hurdle, at par. Greenshoe: $25m. e) Callable from 3/3/00 at par. e1) 3-mth Libor +$\frac{1}{16}$%. f) Call & put on 7/3/02 at 98.38%. g) Backed by Citibank Credit Card Trust, 97-4, Cls A certs. Legal maturity: 10/3/11. h) 9½% to 26/3/99, then 16% - 2 x 6-mth Libor. j) Callable from Feb 02 at par. j1) 6-mth Libor +70bp to 25/2/02, then +130bp to 25/2/07, then +180bp. k) FFr300m launched 13/2/97 increased to FFr800m. k1) 5.581% + 4 x (3-mth FFr Libor - 3-mth DM Libor), min zero. m) 3-mth Libor flat. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	95.5957	-0.540	7.39	7.37	7.57
Austria		5.625	01/07	100.7000	-0.150	5.53	5.55	5.83
Belgium		6.250	03/07	104.7900	-0.110	8.34	6.33	5.81
Canada *		7.000	12/06	105.6500	+0.220	6.22	6.26	6.69
Denmark		8.000	03/06	112.4000	-0.040	9.17	6.16	6.52
France	BTAN	5.500	10/01	104.8296	-0.130	4.34	4.34	4.50
	OAT	9.500	10/06	109.8200	+0.040	5.32	5.40	5.69
Germany Bund		6.000	01/07	103.5400	-0.070	5.52	5.56	5.82
Ireland		8.000	08/06	111.2200	+0.010	6.38	6.39	6.74
Italy		7.750	11/06	104.4500	+0.370	7.11†	7.13	7.29
Japan	No 143	6.300	09/01	121.1288	-0.370	1.40	1.37	1.38
	No 182	3.000	09/05	103.9396	+0.560	2.45	2.37	2.42
Netherlands		5.750	01/07	102.6400	-	5.27	5.31	5.68
Portugal		9.500	02/06	119.4500	-	6.57	6.61	6.78
Spain		7.350	03/07	103.8400	+0.250	8.72	8.68	8.73
Sweden		8.000	08/07	110.0646	+0.313	8.63	6.64	6.74
UK Gilts		8.000	12/00	104-10	-	8.69	6.74	7.10
		7.500	12/06	102-24	-3/32	7.10	7.13	7.59
		9.000	10/08	114-02	-5/32	7.20	7.21	7.67
US Treasury *		6.250	02/07	99-16	-4/32	6.32	6.40	6.59
		6.625	02/27	100-16	-6/32	6.59	6.69	6.83
ECU (French Govt)		7.000	04/06	108.5600	-0.450	5.77	5.79	6.05

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	5.82
Prime rate	8¼	Two month	-	Three year	5.96
Broker loan rate	7	Three month	5.09	Five year	6.12
Fed.funds	5$\frac{5}{16}$	Six month	5.23	10-year	6.33
Fed.funds at intervention	-	One year	5.45	30-year	6.59

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	132.32	132.26	-0.36	132.32	132.10	160,934	142,439
Jun	131.00	130.94	-0.34	131.00	130.82	4,034	20,517
Sep	129.32	129.28	-0.32	129.32	129.28	202	1,578

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Mar	PUTS Apr	PUTS Jun
128	4.26	3.01	3.34	-	0.08	0.42
129	3.27	2.10	2.10	0.01	0.17	0.63
130	2.27	1.30	1.30	0.01	0.36	0.92
131	1.29	0.67	0.67	0.00	0.73	1.32
132	0.44	0.27	0.27	0.16	1.33	1.86

Est. vol. total, Calls 15,153 Puts 33,517. Previous day's open int., Calls 185,502 Puts 228,391.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.31	103.50	+0.01	103.53	103.10	251785	240205
Jun	102.50	102.69	+0.03	102.69	102.37	18305	47944

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
10350	0.12	0.29	0.57	0.74	0.12	1.10	1.38	1.55
10400	0.01	0.19	0.40	0.55	0.51	1.47	1.71	1.86
10450	0	0.08	0.27	0.40	1.00	1.88	2.08	2.21

Est. vol. total, Calls 28883 Puts 32769. Previous day's open int., Calls 240839 Puts 303288

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	129.53	130.56	+0.88	130.94	129.30	100524	121884
Jun	128.80	129.82	+0.81	130.00	128.60	7300	20969

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
13050	0.08	1.56	0	2.24
13100	0	1.30	0.44	2.48
13150	0	1.05	0.94	2.73

Est. vol. total, Calls 3623 Puts 2208. Previous day's open int., Calls 145113 Puts 132908

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	113.59	114.09	+0.24	114.10	113.37	101,845	64,265
Jun	113.94	114.32	+0.17	114.22	113.94	6,182	13,542

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	113-02	113-15	+0-07	113-18	112-23	94717	198789
Jun	112-15	113-01	+0-08	112-31	112-15	2208	17871

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
113	0-35	1-00	1-34	1-54	0-03	0-62	1-32	1-52
114	0-02	0-36	1-04	1-24	0-34	1-34	2-02	2-22
115	0	0-16	0-46	1-01	1-32	2-16	2-44	2-63

Est. vol. total, Calls 1862 Puts 1853. Previous day's open int., Calls 101215 Puts 57094

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	98.26	98.12	-0.38	98.26	97.98	1,843	8,098

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	113-19	113-10	-0-10	113-19	113-07	373,745	483,885
Jun	113-03	112-26	-0-11	113-03	112-24	7,488	47,858
Sep	112-15	112-13	-0-10	112-13	112-13	752	11,517

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	125.65	-	-	125.72	125.58	4900	n/a
Jun	124.27	-	-	124.33	124.21	2140	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities

Price Indices UK Gilts	Thu Feb 20	Day's change %	Wed Feb 19	Accrued interest	xd adj. ytd
1 Up to 5 years (19)	121.08	0.04	121.74	1.90	2.45
2 5-15 years (21)	153.35	0.08	153.25	2.60	1.53
3 Over 15 years (6)	175.84	0.22	175.48	3.59	2.22
4 Irredeemables (5)	203.33	-0.29	203.93	3.24	1.00
5 All stocks (51)	147.02	0.08	147.19	2.53	2.06
Index-linked					
6 Up to 5 years (2)	208.52	0.03	208.46	2.33	0.00
7 Over 5 years (10)	199.81	0.05	199.81	0.82	1.81
8 All stocks (12)	199.59	0.05	199.43	0.98	1.81

UK Indices

	Low coupon yield Feb 20	Feb 19	Yr. ago	Medium coupon yield Feb 20	Feb 19	Yr. ago	High coupon yield Feb 20	Feb 19	Yr. ago
5 yrs	8.79	6.80	7.20	6.86	6.87	7.25	8.89	6.90	7.32
15 yrs	7.27	7.27	8.02	7.26	7.28	8.02	7.26	7.24	8.11
20 yrs	7.36	7.35	8.43	7.31	7.33	8.08	7.29	7.27	9.18
Irred.†	7.46	7.43	6.22						

	Inflation 5% Feb 20	Feb 19	Yr. ago	Inflation 10% Feb 20	Feb 19	Yr. ago
Up to 5 yrs	2.98	2.98	2.59	2.24	2.24	1.26
Over 5 yrs	3.38	3.36	3.66	3.15	3.15	3.45

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Feb 20	Feb 19	Feb 18	Feb 17	Feb 14	Yr ago	High*	Low*
Govt. Secs. (UK)	98.51	98.61	98.74	96.30	96.45	93.65	98.74	91.59
Fixed Interest	120.04	120.15	120.18	119.92	119.68	112.35	120.18	110.74

Gilt Edged Activity Indices

	Feb 19	Feb 18	Feb 17	Feb 14	Feb 13
Gilt Edged bargains	90.0	90.7	122.8	104.7	85.2
5-day average	98.7	96.6	95.7	97.7	96.9

 * for 1996/97. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 20

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅛	100⅜		6.47
ABN Amro Bank 7¼ 05	1000	102¾	103	-⅛	6.92
African Dev Bk 7⅛ 23	500	102⅛	102⅝	-½	7.19
Alberta Province 7⅝ 98	1000	102½	102¾	-⅛	6.01
Asian Dev Bank 6¾ 05	750	98⅞	98½	-¼	6.80
Austria 8½ 00	400	105⅛	105⅜		8.15
Baden-Wuertt L-Fin 8⅛ 00	1000	105	105⅛	-⅛	6.20
Bancomext 7¼ 04	1000	92⅛	93⅛		6.65
Bank Ned Gemeenten 7 99	1000	102⅛	102⅜		6.04
Bayer Vereinsbk 8⅛ 03	500	105	105⅛		6.20
Belgium 5½ 03	1000	95⅛	95½	-⅛	6.35
British Columbia 7¾ 02	500	105⅛	105	-⅛	6.43
British Gas 0 21	1500	16½	16¾		7.57
Canada 6⅜ 05	1500	99⅛	99⅛	-½	6.62
Cheung Kong Fin 5½ 98	500	98¼	98½		6.65
China 6½ 04	1000	97⅞	98⅛	-¼	7.01
Credit Foncier 9½ 98	300	105¼	105½		6.10
Denmark 5¾ 98	1000	99⅞	100⅛		5.88
East Japan Railway 6⅝ 04	600	99⅞	100⅛	-⅛	6.65
EIB 6 04	500	98	98⅛	-⅛	6.36
Elec de France 9 98	200	100	103¼	-⅛	6.00
Ex-Im Bank Japan 8 02	500	105⅞	107⅛	-⅛	6.41
Export Dev Corp 9½ 98	150	104½	104¾		6.00
Exxon Capital 0 04	1800	61⅛	62⅛	-⅛	6.46
Fed Home Loan 7⅛ 99	1500	102½	102⅝		6.09
Federal Natl Mort 7.40 04	1500	105⅛	105½	-⅛	6.57
Ford Motor Credit 6¼ 98	1500	100⅜	100½		6.65
General Mills 0 13	1000	26¾	27¼	-⅛	8.33
IMI Finance 5¼ 98	650	98¾	98⅞		5.99
Inter-Amer Dev 6⅜ 06	1000	97½	97¾	-¼	6.60
Inter-Amer Dev 7½ 05	500	105⅞	105⅝	-¼	6.62
Intl Finance 5¼ 99	500	99	99¼		5.82
Italy 6 03	3000	98⅛	98¼	-¼	6.45
Italy 6⅞ 23	3500	96¼	96⅝	-⅛	7.32
Japan Dev Bk 9⅛ 01	500	107	107¼	-⅛	6.33
Korea Elec Power 6⅜ 03	1350	97⅞	98	-¼	6.53
Matsushita Elec 7¼ 02	1000	103¾	104	-⅛	6.53
Ontario 7⅜ 00	3000	104⅜	104½	-⅛	6.58
Ontario 7¾ 02	2000	105	105¼	-¼	6.49
Oster Kontrollbank 8½ 01	200	107½	107¾	-⅛	6.34
Portugal 5¾ 03	1000	96½	96¾	-¼	6.51
Quebec Hydro 9¾ 98	150	105⅛	105⅜	-⅛	6.25
Quebec Prov 9 98	200	103	103¼	-⅛	6.14
SAS 10 99	200	106⅝	106⅞	-⅛	6.53
SNCF 9½ 98	150	104½	104¾	-⅛	6.04
Spain 6½ 99	1500	101⅛	101⅛	-⅛	5.95
Sweden 6½ 03	2000	101	101⅛	-⅛	6.40
Tennessee Valley 6 00	1000	89⅝	89¾	-⅛	6.20
[illegible]					

	Issued	Bid	Offer	Chg	Yield
Spain 7¼ 03	4000	111⅛	111¾		4.97
Volkswagen Intl Fin 7 03	1000	109¼	109½	-⅛	5.22
World Bank 5⅞ 03	3000	105⅝	105⅝	-⅛	4.89
World Bank 6⅛ 02	3000	106⅞	106⅞		4.68
World Bank 7⅛ 05	3000	111⅛	111½		5.36
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	[illegible]			
Austria 4½ 00	1000	[illegible]			
Denmark 4¼ 99	1000	[illegible]			
EIB 3¾ 99	1000	[illegible]			
EIB 6¾ 04	300	[illegible]			
Finland 7¼ 99	300	[illegible]			
HELABA FINANCE 3¾ 00	1000	[illegible]			
Iceland 7⅝ 00	100	[illegible]			
Inter Amer Dev 4¼ 00	800	[illegible]			
Ontario 6¼ 03	400	[illegible]			
Quebec Hydro 5 08	100	[illegible]			
SNCF 7 04	450	[illegible]			
Sweden 4¼ 03	500	[illegible]			
World Bank 0 21	700	[illegible]			
World Bank 7 01	600	[illegible]			
YEN STRAIGHTS					
Belgium 5 99	75000	[illegible]			
Credit Foncier 4¾ 02	75000	[illegible]			
EIB 6⅝ 00	100000	[illegible]			
Ex-Im Bank Japan 4⅜ 03	105000	[illegible]			
Fed Nat Mort 2 99	100000	[illegible]			
Inter Amer Dev 7¼ 00	30000	[illegible]			
Italy 3½ 01	300000	[illegible]			
Italy 5 04	200000	[illegible]			
Japan Dev Bk 5 99	100000	[illegible]			
Japan Dev Bk 6½ 01	120000	[illegible]			
SNCF 6¾ 03	30000	[illegible]			
Spain 5¾ 02	125000	[illegible]			
World Bank 5¼ 02	250000	[illegible]			
OTHER STRAIGHTS					
EBRD 14¾ 99 R	250	[illegible]			
World Bank 15 99 R	500	[illegible]			
Austria 6½ 99 R	1000	[illegible]			
PTT Nederland 8½ 06 R	1300	[illegible]			
Bell Canada 10⅝ 99 C$	150	[illegible]			
British Columbia 7¾ 03 C$	1250	[illegible]			
Canada Mtg & Hsg 8¾ 99 C$	1000	[illegible]			
EIB 10⅛ 99 C$	130	[illegible]			
Elec de France 9¾ 99 C$	275	[illegible]			
KfW Int Fin 10 01 C$	400	[illegible]			
[illegible]					

[illegible]

UK GILTS PRICES

[illegible]

Slow start for Turkish loan facility

CURRENCIES AND MONEY

D-Mark boosted by Ifo survey

MARKETS REPORT

By Wolfgang Münchau

The US dollar waakened against the D-Mark yesterday, as the currency markets digested an unexpected jump in a German confidence index and a strong rise in broad money supply. The dollar closed at DM1.6896, down by 0.4 pfennigs.

The dollar also fell against the yen on the London markat, closing at Y123.075, down by one yen. The strength of the Japanese currency was helped by a rise in the call money rate to above 0.5 per cent.

Sterling closed unchanged against the dollar at $1.6114, but was down 0.8 of a pfennig against the D-Mark at DM2.7226.

As the frenzied rumours about the European monetary union subsided - at least for the day - the Italian lira recovered its losses from earlier in the week. The Italian currency closad at L990.1 against the D-Mark, close to its central ERM-parity, up from L995.8 ths previous day.

■ After a few days of high volatility the D-Mark bounced back against the dollar as investors were wondering whether to reassess their perceptions about the German economy. The main factor was the jump in tbe Ifo confidence index, which rose from 90.9 in December to 93.3 in January, after two consecutive monthly falls.

The index counts as one of the best leading indicators of the German economy. Its rise may point towards a more robust economic recovery than is widely assumed.

Even though the recent rise in German unemployment was heavily distorted by bad weather, its effect on international sentiment has been profound.

Mr Hans Tietmeyer, president of the Bundesbank, reiterated yesterday that "we view the current exchange rate ...as entirely appropriate, and we are not interested in further depreciation of the D-Mark."

He said that the fall in the D-Mark amounted to "a correction of exaggerated developments in the past".

Finally, the D-Mark was also supported by yesterday's M3 figures, showing a rise of 11.7 per cent in January. The figures are difficult to interpret because January M3 releases tend to suffer from even more than the usual statistical distortions of the monthly series. This particular set of data was boosted by low capital formation and a rise in credit.

Mr Paul Meggyesi, currency strategist at Deutsche Morgan Grenfell in London, said "the Ifo numbers reinjected some realism into perceptions about the German economy. But the Bundesbank will have a struggle to enforce its foreign exchange objectives if the economy weakens further."

■ Currency analysts put the strengthening of the yeo down to three main factors. The call rate edged above the discount rate of 0.5 per cent with no intervention from the Bank of Japan. The markets took this as an indication of tightening policy.

Reports that the Bank of Japan was preparing to purchase land held by banks as collateral added to the strength of the yen, on the grounds this may ease pressure on banking system.

The previous day's trade figures, especially against the dollar, also helped boost the yen.

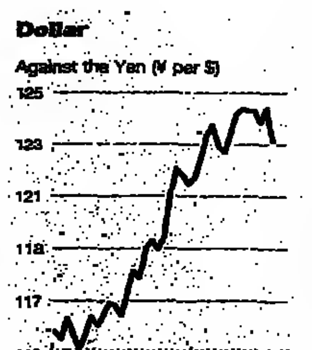
■ Interest rate expectations gave sterling a boost after the Bank of England published its M4 money supply figure for January. The market saw monthly growth of 1.6 per cent and annnal growth of 9.8 per cent as indicating inflationary pressures in the economy.

But saveral analysts argued that underlying M4 growth was more subdned than it appeared on the surface.

The major prohlam appeared to be stripping out the effect of gilt repo operations. Mr Simon Briscoe, an economist at Nikko Europe in London, said: "A good part of the rise was due to the repo effect as banks opened np new positions for the new year."

The Bank of England estimates the 'repo effect' to be worth £5bn a month.

Mr David Bloom at HSBC James Capel in London said that removing the repo effect would leave annual growth of about 9 per cent, "at the top end of the government's monitoring range."



■ Pound in New York

Feb 20	—Latest—	-- Prev. close --
£ spot	1.6110	1.6080
1 mth	1.6100	1.6071
3 mth	1.6080	1.6050
1 yr	1.5988	1.5951

■ OTHER CURRENCIES

Feb 20	£	$
Czech Rp	45.9683 - 46.0556	28.5340 - 28.5740
Hungary	281.748 - 281.968	174.890 - 174.940
Iran	4835.40 - 4833.00	3000.00 - 3000.00
Kuwait	0.4886 - 0.4897	0.3033 - 0.3038
Poland	4.9087 - 4.9176	3.0470 - 3.0510
Russia	9131.15 - 9140.52	5668.00 - 5671.00
U.A.E.	5.9124 - 5.9218	3.6700 - 3.6740

POUND SPOT FORWARD AGAINST THE POUND

Feb 20		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.1621	-0.0597	522 - 719	19.3390	18.0547	19.1186	2.7	18.0621	2.1	-	-	103.8
Belgium	(BFr)	56.2460	-0.1183	078 - 841	56.7920	55.8200	56.121	2.7	55.856	2.8	54.661	2.8	103.6
Denmark	(DKr)	10.3895	-0.0318	845 - 945	10.4934	10.3353	10.3696	2.3	10.329	2.3	10.1501	2.3	105.7
Finland	(FM)	8.1329	-0.0057	256 - 402	8.1920	8.0670	-	-	-	-	-	-	83.2
France	(FFr)	8.1966	-0.0318	935 - 997	8.2877	8.1507	8.1759	2.7	8.1342	2.7	8.9295	2.9	106.4
Germany	(DM)	2.7226	-0.0086	213 - 239	2.7507	2.7077	2.7161	2.9	2.7028	2.8	2.638	3.1	106.4
Greece	(Dr)	426.538	-1.863	335 - 740	431.278	424.630	-	-	-	-	-	-	66.7
Ireland	(I£)	1.0263	+0.0001	255 - 270	1.0291	1.0236	1.026	0.4	1.025	0.5	1.0185	0.8	102.6
Italy	(L)	2695.78	-22.86	406 - 751	2738.84	2687.26	2699.03	-1.4	2701.38	-0.8	2689.53	0.2	76.5
Luxembourg	(LFr)	56.2460	-0.1183	078 - 941	56.7920	55.8200	56.121	2.7	55.856	2.8	54.661	2.8	103.6
Netherlands	(Fl)	3.0577	-0.0089	564 - 589	3.0874	3.0413	3.0499	3.1	3.0344	3.0	2.9609	3.2	103.5
Norway	(NKr)	10.9433	+0.0859	393 - 473	11.0012	10.7688	10.9306	1.4	10.9108	1.2	10.8058	1.3	101.8
Portugal	(Es)	273.809	-0.918	661 - 958	276.747	272.364	274.004	-0.9	274.374	-0.8	-	-	94.6
Spain	(Pta)	230.618	-0.992	518 - 713	232.980	229.540	230.618	0.0	230.398	0.4	228.001	1.1	78.0
Sweden	(SKr)	11.9602	-0.0585	512 - 692	12.1107	11.8102	11.9412	1.9	11.8967	2.1	11.6872	2.3	86.5
Switzerland	(SFr)	2.3881	-0.0035	867 - 895	2.4066	2.3705	2.3801	4.0	2.3649	3.9	2.2934	4.0	101.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	97.3
Ecu	-	1.4032	-0.0064	025 - 039	1.4174	1.3975	1.4013	1.7	1.3968	1.8	1.3754	2.0	-
SDR†	-	1.174916	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6112	-0.0008	107 - 118	1.6187	1.6058	-	-	-	-	-	-	-
Brazil	(R$)	1.6922	-0.0009	916 - 927	1.6999	1.6868	-	-	-	-	-	-	-
Canada	(C$)	2.1895	+0.0033	885 - 904	2.2025	2.1818	2.1843	2.8	2.1735	2.9	2.1145	3.4	86.1
Mexico	(New Peso)	12.4892	-0.0686	836 - 847	12.5715	12.4775	-	-	-	-	-	-	-
USA	($)	1.6114	-0.0009	110 - 118	1.6190	1.6060	1.6104	0.7	1.6083	0.8	1.5988	0.8	103.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0907	-0.0141	895 - 918	2.1059	2.0881	2.092	-0.7	2.0927	-0.4	2.0923	-0.1	96.4
Hong Kong	(HK$)	12.4730	-0.0155	691 - 769	12.5456	12.4328	12.4657	0.7	12.4519	0.7	12.3872	0.7	-
India	(Rs)	57.7768	-0.0627	221 - 314	58.0860	57.6230	-	-	-	-	-	-	-
Israel	(Shk)	5.3956	-0.007	893 - 019	5.4269	5.3793	-	-	-	-	-	-	-
Japan	(Y)	198.323	-1.717	185 - 461	201.760	197.260	197.393	5.6	195.538	5.8	187.123	5.6	122.8
Malaysia	(M$)	4.0051	-0.0059	033 - 069	4.0322	3.9925	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3214	-0.0147	200 - 228	2.3423	2.3169	2.3281	-3.5	2.3378	-2.8	2.3584	-1.6	115.8
Philippines	(Peso)	42.4443	-0.0224	015 - 870	42.4870	42.4015	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0435	-0.0033	417 - 452	6.0714	6.0238	-	-	-	-	-	-	-
Singapore	(S$)	2.2966	-0.0053	952 - 979	2.3118	2.2876	-	-	-	-	-	-	-
South Africa	(R)	7.2191	+0.005	148 - 233	7.2450	7.1903	-	-	-	-	-	-	-
South Korea	(Won)	1377.75	-7.98	418 - 131	1387.73	1374.18	-	-	-	-	-	-	-
Taiwan	(T$)	44.5089	+0.041	836 - 502	44.6913	44.3898	-	-	-	-	-	-	-
Thailand	(Bt)	41.8159	-0.1026	652 - 665	42.1430	41.7100	-	-	-	-	-	-	-

† Rates for Feb 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	11.8918	-0.0308	884 - 947	11.9480	11.8440	11.8769	1.5	11.8316	2.0	11.6366	2.1	103.7
Belgium	(BFr)	34.9050	-0.055	900 - 200	35.0950	34.7440	34.845	2.1	34.7175	2.1	34.1775	2.1	103.6
Denmark	(DKr)	6.4475	-0.0183	460 - 490	6.4834	6.4235	6.4386	1.7	6.4202	1.7	6.3385	1.7	105.1
Finland	(FM)	5.0471	-0.0009	438 - 504	5.0622	5.0165	5.0383	2.1	5.0198	2.2	4.9371	2.2	82.9
France	(FFr)	5.7072	-0.0166	067 - 077	5.7367	5.6852	5.6989	1.8	5.6809	1.8	5.6052	1.8	105.9
Germany	(DM)	1.6896	-0.0044	892 - 900	1.7000	1.6828	1.6867	2.1	1.6807	2.1	1.658	2.0	105.0
Greece	(Dr)	264.700	-1.01	640 - 760	266.550	263.950	266.255	-7.0	268.825	-6.2	279.85	-5.7	66.5
Ireland	(I£)	1.5703	-0.0009	695 - 710	1.5771	1.5685	1.5698	0.3	1.5695	0.2	1.5686	0.2	-
Italy	(L)	1672.95	-13.29	229 - 360	1690.67	1669.00	1675.68	-2.0	1678.85	-1.4	1679.73	-0.4	75.8
Luxembourg	(LFr)	34.9050	-0.055	900 - 200	35.0950	34.7440	34.845	2.1	34.7175	2.1	34.1775	2.1	103.6
Netherlands	(Fl)	1.8975	-0.0046	972 - 978	1.9092	1.8900	1.8937	2.4	1.8857	2.5	1.8501	2.5	103.3
Norway	(NKr)	6.7912	+0.0569	904 - 920	6.8288	6.6830	6.7874	0.7	6.7818	0.6	6.7562	0.5	102.4
Portugal	(Es)	169.920	-0.48	870 - 970	171.690	169.240	170.125	-1.4	170.42	-1.2	171.185	-0.8	95.2
Spain	(Pta)	143.115	-0.54	090 - 140	144.000	142.670	143.213	-0.8	143.225	-0.3	142.445	0.5	77.7
Sweden	(SKr)	7.4223	-0.0311	185 - 260	7.4827	7.4050	7.4195	0.5	7.4097	0.7	7.3623	0.8	86.0
Switzerland	(SFr)	1.4820	-0.0014	815 - 825	1.4873	1.4737	1.4782	3.1	1.4704	3.1	1.4375	3.0	101.2
UK	(£)	1.6114	-0.0009	110 - 118	1.6190	1.6060	1.6104	0.7	1.6083	0.8	1.5988	0.8	97.8
Ecu	-	1.1484	+0.0046	481 - 487	1.1518	1.1431	1.1498	-1.4	1.1529	-1.5	1.1695	-1.8	-
SDR†	-	0.726243	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0501	-0.0001	500 - 502	1.0502	1.0500	-	-	-	-	-	-	-
Canada	(C$)	1.3588	+0.0028	585 - 590	1.3607	1.3566	1.3564	2.1	1.3514	2.2	1.3239	2.6	88.2
Mexico	(New Peso)	7.7505	-0.0385	490 - 520	7.7520	7.7490	7.8685	-18.3	8.135	-19.8	8.9855	-16.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	105.0
Pacific/Middle East/Africa													
Australia	(A$)	1.2974	-0.0081	970 - 979	1.3002	1.2970	1.2989	-1.4	1.3008	-1.0	1.3063	-0.7	98.3
Hong Kong	(HK$)	7.7405	-0.0055	400 - 410	7.7493	7.7370	7.7404	0.0	7.7409	0.0	7.752	-0.1	-
India	(Rs)	35.8550	-0.02	300 - 800	35.8970	35.8300	36.07	-7.2	36.53	-7.5	-	-	-
Israel	(Shk)	3.3484	-0.0026	453 - 514	3.3536	3.3453	-	-	-	-	-	-	-
Japan	(Y)	123.075	-1	020 - 130	124.620	122.620	122.6	4.8	121.595	4.8	117.395	4.6	122.8
Malaysia	(M$)	2.4855	-0.0023	850 - 860	2.4913	2.4850	2.4884	-1.4	2.4937	-1.3	2.515	-1.2	-
New Zealand	(NZ$)	1.4406	-0.0084	401 - 411	1.4427	1.4401	1.4461	-4.6	1.4504	-2.7	1.4818	-2.9	-
Philippines	(Peso)	26.3400	-	200 - 600	26.3600	26.3200	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0001	503 - 506	3.7506	3.7503	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4252	-0.0026	247 - 257	1.4285	1.4240	1.423	1.8	1.4184	1.9	1.3972	2.0	-
South Africa	(R)	4.4800	+0.0055	785 - 815	4.4870	4.4650	4.5207	-10.9	4.5957	-10.3	4.9105	-9.6	-
South Korea	(Won)	855.000	-4.5	000 - 000	858.000	853.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.6200	+0.04	000 - 400	27.6400	27.5900	27.6201	0.0	27.6203	0.0	-	-	-
Thailand	(Bt)	25.9500	-0.05	250 - 750	26.0300	25.9250	26.04	-4.2	26.2075	-4.0	26.845	-3.4	-

† SDR rate per $ for Feb 19. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 19: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

February 20	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 7/32	3 1/4	3 1/4	3 1/4	3 1/4	6.00	2.50	-
France	3 1/4	3 1/4	3 1/4	3 1/4	3 3/8	3.10	-	4.75
Germany	3 [illegible]	3 [illegible]	3 1/8	3 1/8	3 [illegible]	4.50	2.50	3.00
Ireland	5 [illegible]	5 [illegible]	5 [illegible]	5 [illegible]	5 [illegible]	-	-	6.25
Italy	7 1/8	7 [illegible]	7 1/4	7 [illegible]	6 [illegible]	8.25	6.75	7.41
Netherlands	2 [illegible]	2 [illegible]	2 [illegible]	3 [illegible]	3 1/8	-	3.00	3.30
Switzerland	1 1/8	1 [illegible]	1 [illegible]	1 [illegible]	1 [illegible]	-	1.00	-
US	5 [illegible]	5 1/8	5 [illegible]	5 [illegible]	5 [illegible]	-	5.00	-
Japan	1/2	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 1/8	5 [illegible]	5 [illegible]	5 [illegible]	-	-	-
US Dollar CDs	-	5.10	5.11	5.17	5.35	-	-	-
ECU Linked Ds	-	4 1/8	4 [illegible]	4 [illegible]	4 [illegible]	-	-	-
SDR Linked Ds	-	3 [illegible]	3 1/8	3 [illegible]	3 [illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 [illegible] - 2 7/8	3 1/4 - 3 [illegible]	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 [illegible] - 3 [illegible]
Danish Krone	3 1/2 - 3 [illegible]	3 [illegible] - 3 [illegible]	3 5/8 - 3 1/2	3 5/8 - 3 1/2	3 [illegible] - 3 5/8	3 [illegible] - 3 [illegible]
German Mark	3 [illegible] - 3 [illegible]	3 1/2 - 3 3/8	3 [illegible] - 3 1/8	3 [illegible] - 3 [illegible]	3 [illegible] - 3 [illegible]	3 1/8 - 3
Dutch Guilder	3 - 2 [illegible]	3 [illegible] - 2 7/8	2 [illegible] - 2 [illegible]	3 - 2 [illegible]	3 [illegible] - 2 [illegible]	3 [illegible] - 3 [illegible]
French Franc	3 1/4 - 3 1/8	3 [illegible] - 3 [illegible]	3 [illegible] - 3 [illegible]	3 [illegible] - 3 1/4	3 3/8 - 3 [illegible]	3 [illegible] - 3 [illegible]
Portuguese Esc.	6 [illegible] - 6 1/4	6 [illegible] - 6 [illegible]	6 [illegible] - 6 1/4	6 1/4 - 6 [illegible]	5 [illegible] - 5 7/8	5 [illegible] - 5 [illegible]
Spanish Peseta	6 [illegible] - 6 3/8	6 [illegible] - 6 [illegible]	6 [illegible] - 6 [illegible]	5 [illegible] - 5 [illegible]	5 [illegible] - 5 1/4	5 [illegible] - 5 5/8
Sterling	6 - 5 [illegible]	6 [illegible] - 5 [illegible]	6 [illegible] - 6 [illegible]	6 [illegible] - 6 [illegible]	6 [illegible] - 6 [illegible]	6 5/8 - 6 [illegible]
Swiss Franc	1 3/4 - 1 1/4	2 - 1 7/8	1 [illegible] - 1 [illegible]	1 [illegible] - 1 [illegible]	1 3/4 - 1 1/2	1 7/8 - 1 3/4
Canadian Dollar	3 1/4 - 3 [illegible]	3 [illegible] - 2 7/8	3 [illegible] - 2 [illegible]	3 1/8 - 3	3 1/4 - 3 1/8	3 [illegible] - 3 [illegible]
US Dollar	5 [illegible] - 4 [illegible]	5 [illegible] - 5 [illegible]	5 [illegible] - 5 [illegible]	5 [illegible] - 5 [illegible]	5 [illegible] - 5 [illegible]	5 [illegible] - 5 5/8
Italian Lira	7 7/8 - 7	7 [illegible] - 7 3/8	7 1/2 - 7 3/8	7 1/4 - 7 [illegible]	7 [illegible] - 6 [illegible]	8 3/4 - 6 [illegible]
Japanese Yen	[illegible] - [illegible]	[illegible] - [illegible]	[illegible] - 3/8	[illegible] - 1/2	[illegible] - 1/2	[illegible] - 3/8
Asian $Sing	3 5/8 - 3 1/2	3 3/8 - 3 1/4	3 [illegible] - 2 [illegible]	3 - 2 7/8	3 - 2 7/8	3 1/4 - 3 1/8

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.65	96.66	-0.01	96.66	96.63	16,201	60,594
Jun	96.65	96.66	-0.02	96.67	96.63	18,637	50,447
Sep	96.66	96.64	-0.03	96.66	96.62	8,230	35,575

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Apr	96.85	96.84	-0.01	96.85	96.84	620	5865
Jun	96.94	96.84	-0.01	96.85	96.81	47018	182443
Sep	96.79	96.77	-0.01	96.78	96.74	51729	149997
Dec	96.93	96.63	-0.01	96.63	96.58	46137	174302

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.80	96.79	-0.02	96.80	96.78	1435	19072
Apr	96.86	96.86	-0.01	96.86	96.85	500	3851
May	96.87	96.87	-0.01	96.87	96.87	25	3812
Jun	-	96.67	-0.01	-	-	0	430

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.80	92.86	+0.07	92.93	92.75	25370	88610
Jun	93.30	93.45	+0.14	93.59	93.28	37607	95262
Sep	93.62	93.77	+0.15	93.87	93.59	12711	47635
Dec	93.75	93.90	+0.18	93.98	96.70	6975	33512

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.20	98.24	-	98.25	98.20	3489	29052
Jun	98.30	98.29	-0.01	98.30	98.27	5806	37021
Sep	98.20	98.21	-0.01	98.23	98.18	733	14326
Dec	98.02	98.04	-0.01	98.05	98.02	325	10348

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	-	99.44	-0.02	-	-	0	n/a
Jun	99.42	99.42	-0.02	99.42	99.42	2	n/a
Sep	99.35	99.34	-0.04	99.35	99.34	311	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.88	95.89	-0.01	95.88	95.86	1764	10885
Jun	95.93	95.93	-0.01	95.94	95.81	1661	6110
Sep	95.93	95.94	-	95.94	95.90	1063	4185
Dec	95.87	95.89	-0.01	95.89	95.87	509	4816

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9275	0.17	0.79	1.11	0.06	0.06	0.09
9300	0.05	0.55	0.90	0.19	0.10	0.13
9325	0.01	0.37	0.71	0.40	0.17	0.19

Est. vol. total, Calls 4388 Puts 1375. Previous day's open int., Calls 151720 Puts 95890

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 20		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.47	16.35	4.840	1.824	4792	5.436	18.45	486.8	410.0	21.27	4.246	1.778	3.892	2.865	352.6	2.495
Denmark	(DKr)	54.13	10	8.851	2.620	0.987	2594	2.942	10.53	263.5	221.9	11.51	2.298	0.962	2.107	1.551	190.9	1.350
France	(FFr)	61.16	11.30	10	2.960	1.116	2931	3.324	11.90	297.7	250.8	13.01	2.597	1.087	2.380	1.752	215.6	1.526
Germany	(DM)	20.66	3.817	3.378	1	0.377	990.1	1.123	4.019	100.6	84.72	4.394	0.877	0.367	0.804	0.592	72.85	0.515
Ireland	(I£)	54.81	10.13	8.963	2.653	1	2627	2.980	10.66	266.9	224.8	11.66	2.327	0.975	2.134	1.570	193.3	1.367
Italy	(L)	2.087	0.386	0.341	0.101	0.038	100.	0.113	0.406	10.16	8.557	0.444	0.089	0.037	0.081	0.060	7.358	0.052
Netherlands	(Fl)	18.40	3.399	3.008	0.890	0.336	881.6	1	3.579	89.58	75.43	3.912	0.781	0.327	0.719	0.527	64.37	0.459
Norway	(NKr)	51.41	9.497	8.406	2.488	0.938	2463	2.794	10	250.3	210.8	10.93	2.183	0.914	2.001	1.473	181.3	1.282
Portugal	(Es)	20.54	3.795	3.359	0.994	0.375	984.3	1.117	3.996	100.	84.22	4.368	0.872	0.365	0.799	0.588	72.43	0.512
Spain	(Pta)	24.39	4.506	3.988	1.180	0.445	1169	1.326	4.744	118.7	100.	5.186	1.036	0.434	0.949	0.699	85.99	0.608
Sweden	(SKr)	47.02	8.687	7.689	2.276	0.858	2253	2.556	9.147	228.8	192.8	10	1.997	0.836	1.830	1.347	165.8	1.173
Switzerland	(SFr)	23.55	4.351	3.851	1.140	0.430	1129	1.280	4.581	114.7	96.57	5.008	1	0.418	0.917	0.675	83.04	0.588
UK	(£)	56.24	10.39	9.196	2.722	1.026	2695	3.057	10.94	273.8	230.6	11.96	2.388	1	2.189	1.611	198.3	1.403
Canada	(C$)	25.69	4.746	4.201	1.243	0.469	1231	1.397	4.998	125.1	105.3	5.464	1.091	0.457	1	0.736	90.59	0.641
US	($)	34.91	6.449	5.708	1.690	0.637	1673	1.898	6.791	170.0	143.1	7.424	1.482	0.621	1.359	1	123.1	0.871
Japan	(Y)	28.36	5.240	4.637	1.373	0.517	1359	1.542	5.517	138.1	116.3	6.031	1.204	0.504	1.104	0.812	100.	0.708
Ecu		40.09	7.406	6.555	1.940	0.731	1921	2.178	7.798	195.2	164.4	8.525	1.702	0.713	1.560	1.146	141.3	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5899	0.5942	-	0.5951	0.5890	29,312	89,437
Jun	0.5995	0.5970	+0.0033	0.5983	0.5970	474	6,177
Sep	-	0.6010	+0.0037	-	-	66	2,318

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8060	0.8185	-	0.8185	0.8154	16,533	77,132
Jun	0.8210	0.8286	+0.0121	0.8286	0.8260	418	3,752
Sep	-	0.8355	+0.0083	-	-	102	675

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6748	0.6785	-6.3675	0.6804	0.6785	19,971	51,460
Jun	0.6803	0.6855	+0.0039	0.6867	0.6850	2,418	2,901
Sep	-	0.6825	+0.0043	-	-	1,823	1,895

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6152	1.6072	-0.0080	1.6106	1.6072	7,270	34,212
Jun	1.6124	1.6048	-0.0076	1.6064	1.6046	81	2,766
Sep	-	1.6100	-	1.6100	-	32	1,091

UK INTEREST RATES

LONDON MONEY RATES

Feb 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 3/8 - 5	6 1/8 - 6	6 1/8 - 6	6 1/4 - 6 1/8	6 [illegible] - 6 [illegible]	6 [illegible] - 6 [illegible]
Sterling CDs	-	-	6 [illegible] - 6	6 [illegible] - 6 [illegible]	6 [illegible] - 6 [illegible]	6 [illegible] - 6 1/2
Treasury Bills	-	-	5 [illegible] - 5 [illegible]	5 7/8 - 5 [illegible]	-	-
Bank Bills	-	-	5 [illegible] - 5 [illegible]	6 - 5 [illegible]	6 1/4 - 6 1/8	-
Local authority deps.	6 [illegible] - 5 [illegible]	6 [illegible] - 6 [illegible]	6 1/4 - 6 1/8	6 1/4 - 6 1/8	6 3/8 - 6 [illegible]	6 [illegible] - 6 [illegible]
Discount Market deps	6 1/8 - 5 7/8	6 - 5 [illegible]	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc.
Ave. tender rate of discount on Feb 14, 5.8415pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1997. Agreed rate for period Feb 26, 1997 to Mar 25, 1997, Scheme III 7.58pc. Reference rate for period Jan 1, 1997 to Jan 31, 1997, Schemes IV & V 6.409pc. Finance House Base Rate 6 1/2pc from Feb 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.73	93.75	+0.01	93.75	93.72	7804	99750
Jun	93.55	93.58	+0.02	93.59	93.54	19004	126618
Sep	93.36	93.41	+0.03	93.41	93.35	18594	87089
Dec	93.22	93.27	+0.03	93.28	93.20	11205	57108
Mar	93.12	93.17	+0.03	93.18	93.10	4468	39747

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9375	0.04	0.06	0.08	0.04	0.23	0.42
9400	0	0.01	0.03	0.25	0.43	0.62
9425	0	0	0.01	0.50	0.67	0.85

Est. vol. total, Calls 2739 Puts 7717. Previous day's open int., Calls 216395 Puts 170883

EMS EUROPEAN CURRENCY UNIT RATES

Feb 20	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Finland	5.85424	5.80687	-0.01572	-0.81	2.85	5
Portugal	197.398	196.067	-0.226	-0.67	2.71	5
Ireland	0.798709	0.736827	+0.00271	-7.75	10.58	52
Spain	163.826	165.276	-0.186	0.89	1.12	-6
Netherlands	2.16979	2.18966	-0.0018	0.92	1.08	-7
Germany	1.92573	1.94990	-0.00179	1.26	0.75	-12
Austria	13.5485	13.7240	-0.0112	1.30	0.71	-8
Denmark	7.34555	7.44134	-0.00645	1.30	0.70	-9
Belgium	39.7191	40.2462	-0.033	1.33	0.67	-10
Italy	1906.48	1938.78	-3.89	1.69	0.32	-12
France	6.45863	6.58880	-0.00602	2.02	0.00	-17
NON ERM MEMBERS						
Greece	295.269	305.828	-0.252	3.58	-1.51	-
UK	0.793103	0.718978	+0.004771	-9.35	12.53	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.600	2.41	2.99	3.51	1.02	1.74	2.33
1.610	1.81	2.44	2.97	1.42	2.18	2.74
1.620	1.33	2.01	2.51	1.95	2.67	3.28

Previous day's vol., Calls 5,688 Puts 283. Prev. day's open int., Calls 32,573 Puts 50,086

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
0.590	0.62	0.94	1.24	0.62	0.85	1.04
0.595	0.41	0.72	1.00	0.91	1.18	1.30
0.590	0.27	0.53	0.78	1.21	1.44	1.60

Previous day's vol., Calls 2,928 Puts 3,948. Prev. day's open int., Calls 31,401 Puts 24,693

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.51	94.50	-0.01	94.51	94.50	32,304	390,931
Jun	94.40	94.39	-0.02	94.40	94.38	72,742	390,823
Sep	94.28	94.26	-0.03	94.27	94.25	85,203	298,725

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.03	95.03	-	95.03	95.03	225	5,692
Jun	94.94	94.94	-	94.94	94.94	100	3,713
Sep	-	94.82	-	-	94.82	63	1,056

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9675	0.08	0.12	0.14	0.15	0.01	0.03	0.05	0.06
9700	0	0.02	0.03	0.04	0.18	0.16	0.18	0.20
9725	0	0	0	0.01	0.43	0.41	0.41	0.42

Est. vol. total, Calls 29532 Puts 8555. Previous day's open int., Calls 610871 Puts 307609

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9825	0.06	0.15	0.20	0.07	0.12	0.24
9850	0.02	0.07	0.09	0.28	0.28	0.38

Est. vol. total, Calls 0 Puts 100. Previous day's open int., Calls 5830 Puts 3360

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00	● Members of London Investment Banking Association	
Citibank NA	6.00	Julian Hodge Bank	6.00	* In administration	
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

COMMODITIES AND AGRICULTURE

Upturn forecast for European steel

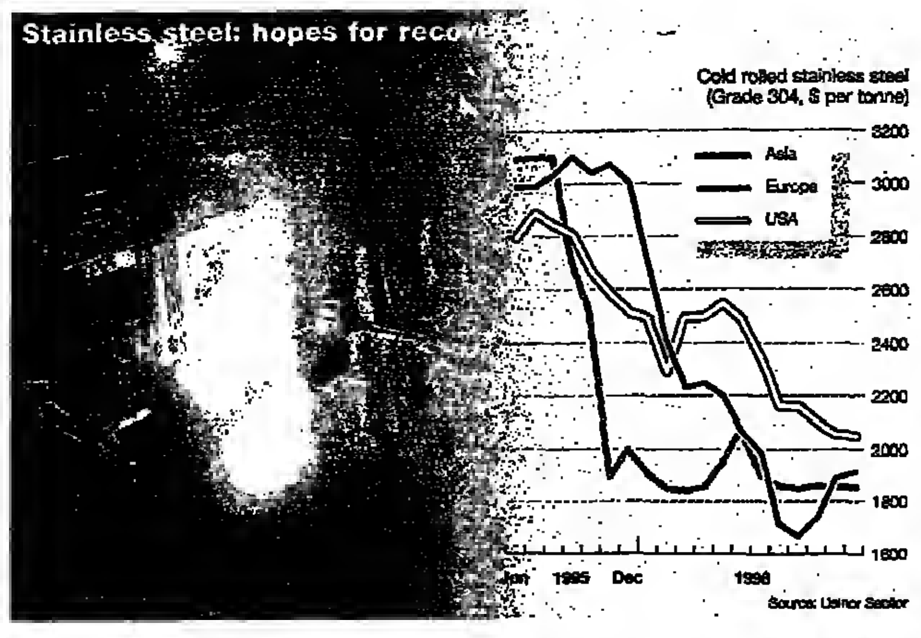
By Peter John

The head of Europe's biggest steel company says the industry is set for recovery after a year when prices hit a 30-year low.

Mr Francis Mer, chairman of Usinor Sacilor, of France, believes European volumes will recover by between 5 per cent and 6 per cent during the course of the year. He also believes prices should follow suit, although the full impact may not be felt until the end of 1998.

Europe is the world's largest steel producing region. Usinor, the world's fourth largest producer by tonnage, is still reeling from last year's 50 per cent slide in stainless steel and the fall of between 10 per cent and 15 per cent in flat steel.

That weakness was largely responsible for the company's net profits in 1996 slipping from FFr4.4bn to FFr1.5bn ($262m).



Speaking before a presentation to analysts in London this week, Mr Mer said the industry was in an improving situation.

"Production is now at the level of consumption and real consumption of steel in Europe will be higher this year," he said. "We have succeeded in increasing some prices for some products and the second quarter will be positive for others."

Mr Mer believes the inflationary climate will remain benign, industrial demand will continue to rise and, as long as the dollar continues to strengthen, Europe's competitive edge will remain.

However, he warned that prices would only rise by "some percentage points" and that it would be more than a year before they hit levels reached in 1995.

His confidence is reflected by industry analysts, who say Mr Mer may be slightly over-cautious. J.P. Morgan has a price target of $2,012 a tonne for stainless steel this year and $2,255 for 1998 – rises of 21 per cent and 35 per cent, respectively, from the cyclical bottom last year.

One analyst said Usinor had been caught out last year by remaining over-optimistic. "We do believe there will be a volume increase and possibly some increase in prices," said Mr Philip Tomlinson of CRU International, the metals and minerals consultancy.

J.P. Morgan, in a generally enthusiastic piece of research, has argued that Europe has turned the corner: "The de-stocking that occurred in 1996 led to a dramatic drop in the stainless steel price around the globe.

"In Europe, the 304 [grade] price declined by 50 per cent from its peak in November 1995 of $3,360 a tonne to $1,666 a tonne in September 1996. However, prices have picked up in Europe since then ... Distributor inventory levels are now below normal levels and we believe that this ... should result in a slow but steady recovery in the European market in 1997 and 1998."

Whether these rises translate into profits remains to be seen, however. The price of nickel, which accounts for about about one-third of stainless steel costs, has jumped by 20 per cent since last December.

Anger over aluminium data change

MARKETS REPORT

By Kenneth Gooding and Robert Corzine

An apparent jump in aluminium production in January caused some consternation on the London Metal Exchange yesterday. Only on closer examination did it become clear that for the first time the figures included data from China, a substantial producer.

Some analysts were angry about the change, introduced by the International Primary Aluminium Institute, an organisation funded by international aluminium producers, as it came without warning or adjustment to previous statistics.

"Many in the industry are deeply unhappy with what has happened," one analyst said. Mr Angus MacMillan, research manager at Billiton Matals, said: "The change makes the data useless. It is critical that we see western world trends clearly."

Mr William Adams, at Rudolf Wolff, said there was a flurry when traders read the headline figures on their screens. "You had to do some delving to see what was really going on," he said. "In fact, it seems as if there was relatively little change in January aluminium production."

Mr Adams said the IPAI followed a similar procedure when it included Russian production statistics for the first time in 1994. "But then we had some warning because it was well-known that talks were going on."

An IPAI official explained that it was obliged to respect confidentiality agreements reached with contributors to the data; it was not possible to provide revised statistics because this would also give too much sway.

The institute also had a policy on not giving any warning about changes to the statistics because often it was not possible to reach agreement with new contributors until the last moment.

With the introduction yesterday of data from Tajikistan and Montenegro, as well as China, the IPAI figures now cover about 95 per cent of global production.

Mr David Humphreys, chief economist at RTZ-CRA, had some advice for analysts attempting to compare new statistics with the old. Ha pointed out that China National Nonferrous Metals Industry Corporation, China's biggest aluminium producar, had been providing monthly production statistics for some tima and these ware widaly available.

Aluminium for delivery in three months on the LME rose by $3 a tonne to $1,607. Mr Adams said "it should be ready to move higher now".

Copper trading was listless ahead of today's LME stocks report and ended late trading $12 a tonne down at $2,328. Traders suggested a "modest" fall in copper stocks could be expected.

Oil prices fell aftar the American Petroleum Institute and the US government reported an increase in cruda stocks last week. The API said US petroleum stocks rose by 3.1m barrels while the Department of Energy estimated the build-up at 4.4m barrels.

Tha rise in inventories caused oil and refined product prices to fall in London and New York. Brent Blend for April delivery, the global benchmark, was down 46 cents to $20.17 a barrel in late London trading. Heating oil futures on London's International Petroleum Exchange shed $2.50 to close at $173.50 a tonne.

Prospects favourable for wheat production

By Alison Maitland

Prospects for this year's global wheat production, an increasingly important factor in market prices, are looking favourable, according to grain experts.

The United Nations Food and Agriculture Organisation has reported that 1997 cereal crops appeared "mostly satisfactory so far", with good wheat harvests expected in Asia and Europe.

The US is also expected to produce a larger crop, despite a big drop in plantings of winter wheat, which accounts for about one-quarter of world wheat trade.

Plantings fell by 7 per cent following last year's farm bill, which removed set-aside reqnirements and allowed farmers to plant whatever crop they liked.

The International Grains Council says some farmers switched from lower-priced wheat into maize, sorghum or soybeans in the expectation that this would be more profitable.

But the council expects less wheat acreage will be abandoned than last year, when harsh winter weather and drought ruined crops. It says the US could see a slight increase in overall wheat production to 63m tonnes from 62.1m last year.

The US farm reforms will not lead to as large a shift from wheat as some traders have predicted because of the climatic constraints on growing crops such as maize in many wheat areas, it says.

The IGC is forecasting world wheat production this year of 585m tonnes, or 5m tonnes more than last year.

This may be only a slight change. But grain experts point out that futures markets are increasingly sensitive to crop prospects. This sensitivity is likely to continue as world stocks remain low and the EU, US and Canada remain reluctant to hold large carry-over supplies.

"Even a modest increase in stocks, together with a good production outlook, can have a major impact on prices," said Mr Bill De Maria, assistant executive director of the IGC.

World stocks are forecast to have improved to only 102m tonnes in 1996-97 from a 20-year low of 95m tonnes in 1995-96.

For this year, winter wheat plantings are reported to be up in the main EU producing countries and normal weather should bring improvements in central and eastern Europe, Kazakhstan, Russia and Ukraine.

India's silver imports reach record levels

By Kenneth Gooding, Mining Correspondent

India's imports of silver jumped to a record level in the final quarter of 1996, according to the Gold Fields Mineral Services consultancy.

Using official, but unpublished, import statistics and its own estimates of smuggling, GFMS calculates that 35m troy ounces (1,088.5 tonnes), a quarterly record, was imported.

Mr Stewart Murray, GFMS chief executive, said a fall in the local price of the metal helped Indian silver imports accelerate from 13m ounces in the first quarter and took the annual total to just over 100m ounces, or 3,110 tonnes. However, over 1996 as a whole, the rupee price of silver was actually 6 per cent higher than in 1995.

The 1996 total was nearly 40 per cent ahead of the 2,412 tonnes GFMS estimates was imported in 1995, but below the record 3,422 tonnes for 1994. Mr Murray said India's silver market suffered "indigestion" in 1995 after the surge of imports the previous year. India is the third biggest silver consumer behind the US and Japan, but is the largest consumer of silver jewellery.

"Indian demand has been a critical component of the world silver market throughout the 1990s and its current impact on the market has been remarkable," Mr Murray said. "After a generation in which it was essentially a 'dis-hoarder' of the metal, it has imported more than 500m ounces [15,550 tonnes] in the last seven years."

Mr Murray, who has been collecting data for the annual World Silver Survey produced by GFMS for the Washington-based Silver Institute, said e series of good harvests contributed to the rise in Indian silver consumption, particularly in the Northern tribal belts – where heavy silver jewellery remains the favoured method of saving among the rural population.

"It is not unusual to see women carrying one kilo of silver, in the form of chunky anklets, on each ankle," he pointed out.

He said it was too early in GFMS's research to have any detailed data on silver production last year. Bnt preliminary indications suggested production fell well behind demand once again, leaving a gap to be filled from stocks. The full survey is scheduled to be published on May 14.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1573.5-74.5	1605-06
Previous	1572.5-3.5	1605.5-6.0
High/low		1616/1602
AM Official	1580-81	1610-10.5
Kerb close		1606-07
Open int.	244,944	
Total daily turnover	61,601	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1505-15	1530-32
Previous	1500-10	1520-30
High/low		1535/1525
AM Official	1500-10	1525-30
Kerb close		1532-35
Open int.	5,751	
Total daily turnover	1,384	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	660-2	667-9
Previous	658-9	666-7
High/low		674/667
AM Official	661-2	667-8
Kerb close		667-8
Open int.	37,553	
Total daily turnover	9,283	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7740-50	7830-40
Previous	7795-805	7890-900
High/low	7735	7940/7820
AM Official	7735-40	7835-36
Kerb close		7940-50
Open int.	49,544	
Total daily turnover	11,513	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5960-70	6010-20
Previous	6010-20	6055-60
High/low		6070/6000
AM Official	6014-15	6050-55
Kerb close		6010-20
Open int.	15,868	
Total daily turnover	6,553	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1195.5-96.5	1218-18.5
Previous	1207.5-8.5	1230-31
High/low	1197	1235/1215
AM Official	1196-97	1219.5-19
Kerb close		1216-17
Open int.	85,990	
Total daily turnover	16,909	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2415-18	2333-35
Previous	2427.5-9.5	2342-43
High/low	2415/2414	2356/2328
AM Official	2414-15	2335-36
Kerb close		2327-28
Open int.	135,606	
Total daily turnover	47,353	

■ LME AM Official £/$ rate: 1.6058
LME Closing £/$ rate: 1.6113

Spot: 1.6111 3 mths: 1.6083 6 mths: 1.6052 9 mths: 1.6020

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	112.00	-0.25	112.80	111.70	186	1,291
Mar	111.40	-0.30	113.80	110.60	8,436	23,014
Apr	109.60	+0.10	109.80	109.30	223	2,016
May	108.05	+0.30	108.60	107.00	3,847	12,238
Jun	106.60	-	106.70	106.70	7	865
Jul	105.25	+0.10	105.70	105.00	652	5,233
Total					7,428	58,378

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	345.70-346.20		
Opening	345.00-345.30		
Morning fix	344.85	213.79	509.24
Afternoon fix	345.00	214.22	509.22
Day's High	346.40-346.70		
Day's Low	344.25-344.55		
Previous close	346.55-347.05		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.87	6 months	3.96
2 months	3.90	12 months	3.96
3 months	3.90		

Silver Fix	p/troy oz.	US cts equiv.
Spot	320.85	516.50
3 months	325.35	522.75
6 months	329.90	529.10
1 year	339.20	541.90

Gold Coins	$ price	£ equiv.
Krugerrand	346-348	215-216
Maple Leaf	-	-
New Sovereign	81-84	50-52

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	352.4	+4.9	353.0	346.7	1,531	1,817
Mar	352.4	+5.0	-	-	-	23
Apr	352.6	+5.0	354.0	346.5	27,730	92,453

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls)

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	93.70	-0.05	94.75	93.65	92	578
May	96.70	-	97.75	96.60	317	3,088
Jul	96.80	+0.20	99.50	96.50	68	833

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LIFFE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LIFFE (£/tonne)

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

FUTURES DATA

All futures data supplied by CMS.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	850	-3	858	850	1,042	19,431
May	876	-4	886	876	1,635	27,868
Jul	895	-4	906	896	277	13,256

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LIFFE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ WHITE SUGAR LIFFE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open Int
Feb	67.600	+0.850	67.875	66.600	2,433	1,865
Apr	68.700	+0.925	68.800	67.735	16,810	44,594
Jun	64.875	+0.550	65.000	64.300	3,839	18,585
Aug	64.325	+0.575	64.350	63.725	2,911	19,150
Oct	68.000	+0.525	68.050	67.500	1,237	12,330
Dec	69.875	+0.325	70.075	69.650	731	4,633
Total					28,029	109,596

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open Int
Apr	73.050	+0.350	73.350	72.400	3,805	16,346
Jun	79.050	+0.550	79.200	78.200	2,339	8,471
Jul	77.425	+0.525	77.800	76.700	918	2,265
Aug	73.900	-0.075	74.325	73.350	380	2,344
Oct	66.825	-0.075	67.400	66.600	68	1,491
Dec	64.600	-0.150	65.175	64.400	34	779
Total					8,178	33,160

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open Int
Feb	74.850	+0.225	75.275	73.600	170	344
Mar	75.250	+0.500	75.600	73.900	1,244	2,358
May	75.750	+0.250	76.600	74.650	1,509	3,548
Jul	75.250	+0.875	75.650	73.900	146	858
Aug	72.250	+0.550	73.050	72.100	17	526
Total					3,086	7,634

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Mar	Jun	Mar	Jun
1575	28	68	18	36
1600	15	55	31	47
1625	9	43	48	61

■ COPPER (Grade A) LME	Mar	Jun	Mar	Jun
2300	109	93	6	103
2350	69	72	16	131
2400	39	55	35	163

■ COFFEE LIFFE	Mar	May	Mar	May
1500	303	133	215	73
1550	280	107	245	97
1600	259	86	274	126

■ COCOA LIFFE	Mar	May	Mar	May
800	187	79	34	3
850	153	41	50	15
900	138	27	60	25

■ BRENT CRUDE IPE	Apr	May	Apr	May
1950	-	-	-	66
2000	-	62	48	-
2050	44	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$19.20-9.30w	-0.525
Brent Blend (dated)	$20.50-0.56	-0.58
Brent Blend (Apr)	$20.13-0.15	-0.55
W.T.I.	$21.76-1.78w	-0.52

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$214-216	-2
Gas Oil	$173-175	-2.5
Heavy Fuel Oil	$95-97	
Naphtha	$216-218	-5.5
Jet fuel	$199-200	-2.5
Diesel	$190-193	-3

■ NATURAL GAS (Pence/therm)

■ OTHERS

Wool

Developments in China, the leading international buyer of wool, will be watched with interest to see if there is any change in economic policy. Auction prices for finer merino wool in Australia rose this week. The Eastern market indicator rose to 621cts/kg and micron categories broader than 26 were firmer. New Zealand finer and medium merinos were also dearer but stronger wools were slightly cheaper. This led to the market indicator rising 4 cts to 443cts/kg. Wool international in the previous week sold 17,000 bales of stockpile wool. This took the quarterly total above the minimum requirement for the March quarter of 135,000 bales. This paved the way for firmer pricing by Wool International.

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

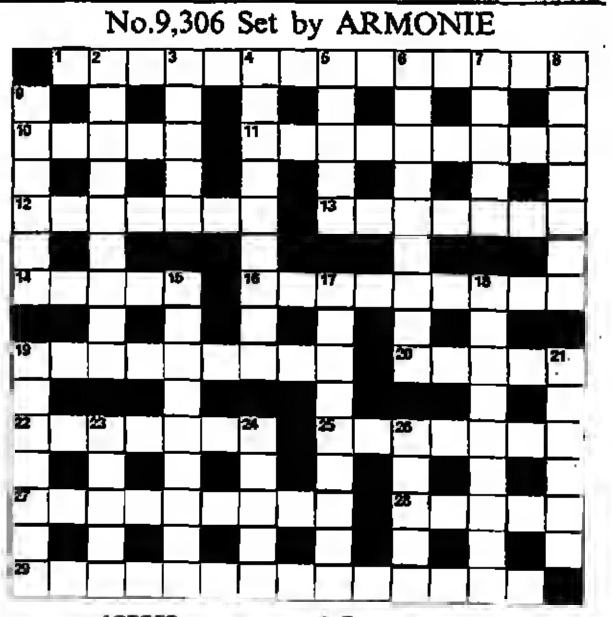
■ CRB Futures (Base: 1967 = 100)

■ GSCI Spot (Base: 1970 = 100)

JOTTER PAD

CROSSWORD

No.9,306 Set by ARMONIE



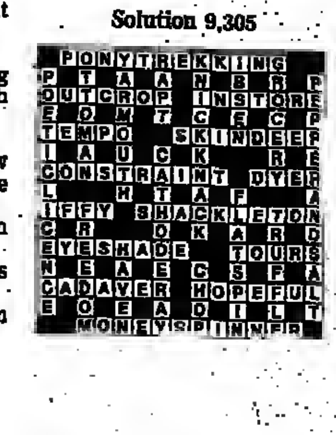
ACROSS

1 Sport producing complaints and cries of derision (6,8)
10 Allow foreign money to be invested in island (5)
11 Loud female in UN administered surroundings becoming calm (9)
12 A mess that is resolved for foreigner (7)
13 King's about to rule out quotation (7)
14 Strait-laced president is to dress up (5)
16 Classical female with attorney going round capital city (9)
19 Kinnock adopting working standard that's unsurpassed (9)
20 There's foreign agreement about posh cricket club providing plant (5)
22 Analysts make chemical compounds after time (7)
25 The aim is getting English tailless rodents confined to a particular area (7)
27 Picture requiring light through doorway (9)
28 Saw Bill decline (5)
29 Noble widow, becoming hapless drudge, owes cash (7,7)

DOWN

2 Odd relationship new beginner is provided in the navy (3,6)
3 One gets support from European ally (5)
4 Spell out menu eater needs clarifying (9)
5 Stockings getting runs in clothes drier (5)
6 Concerned with one's sense of smell, look up plant (9)
7 Doctor riled worthless person (5)
8 Annual climb of Italian journalist in Indian Island (7)
9 Relish malicious women at university (6)
15 Boxer to eat fish and offend against religious article (6,3)
17 Toy figure set in gold in Wales (9)
18 Include measure on instrument (9)
19 Jotter for poet and eccentric (7)
21 Toxophilite is woman supporting a church (6)
23 Scatter a bit of rosemary in the dish (5)
24 More watchful getting pitcher (5)
26 Curtains some folk made at home (5)

Solution 9,305



FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

Rothschild Asset Management (CI) Ltd

Schroder Investment Mngmt

Staines Fund Managers (Guernsey)

UBK Asset Management (Guernsey)

U.S. Advisors (Guernsey) Limited

UTI (Guernsey) Limited

Yamaichi Capital Mngt (Guernsey)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Offshore Funds and Insurances

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LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (u)
4 Rue Jean Monet, L-2180 Luxembourg 352 424949335

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
Latin America Equity		$89.52	90.41	—	-
North America Equity		$90.58	91.03	—	-
Asian Tigers Equity		$86.16	86.81	—	-
Europe Equity		$81.46	81.87	—	-
Germany Equity		DM100.89	101.41	—	-
Japan Equity		$43.10	43.53	—	-
Europe Bond		$83.20	83.36	—	-
US Bond		$60.04	60.19	—	-
Global Bond		$62.36	62.52	—	-
Germany Bond 6		DM112.19	112.47	—	-
Spain Bond		Pta10452	10483	—	-
Eastern Europe Equity F		DM253.86	254.41	—	-
China Equity F		$94.77	95.58	—	-
Switzerland Equity		SFr145.14	145.87	—	-

Abtrust Fund Magna Luxembourg SA (u)
4 Boulevard Royal L 2449 Luxembourg 00 352 227001
Abtrust Atlas Fund

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
Global Cap Portfolio		$4.001		+0.010	-
United States Portfolio		$8.074xd		-0.037	-
Cont'l Europe Portfolio 0		DM7.847		-0.042	-
Japan Portfolio		$0.582		-0.003	-
Pacific Portfolio		$0.865		+0.035	-
Gold Portfolio		$6.341		+0.049	-
Uk. Growth of Income		£2.203xd		+0.009	3.61
Dollar Portfolio		$1.8882xd		—	1.03
Sterling Portfolio		$1.0880xd		—	6.30

Aetna Master Fund (u) (x)
21 avenue de la Liberte, L-1931, Lux 00 352 2954 941

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
Australasian NAV		A$17.81		-0.07	-
Austrian Nat NAV		Sch87.02		+0.34	-
Belgo/Lux NAV		BFr895.27		-4.48	-
Dutch Nat NAV		Dfl48.24		+0.13	-
French Nat NAV		FFr150.15		-1.29	-
German Nat NAV		DM21.90		-0.23	-
Hongkong Nat NAV		HK$133.24		-0.30	-
Italian Nat NAV		L73858		-141	-
Japanese Nat NAV		Y7169		—	-
Spanish Nat NAV		Pta1534		-11	-
UK Nat NAV		£11.20		-0.03	-
United States Dllr Res		$11.16		—	-

Prices quoted are "A" shares

American Phoenix Investment Portfolios (u)
13 rue Goethe, L-1637 Luxembourg 00 352 404646211

Fidelity Funds - Contd.
Bond Funds

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
European		Ecu17.64		+0.01	5.06
International		$1.025		-0.002	6.43
US Dollar		$5.815		—	5.88
Sterling		£0.2576		+0.001	7.03
Balanced					
European Balanced		DM14.65		-0.03	1.82

Prices are at February 19

Fleming Group (u)
6 Route De Treves L-2633 Senningerberg Luxembourg
00 352 34101 or 0800 300 DM
Fleming Flagship Fund (daily dealing)

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
FFF American		$58.44	61.80	-0.34	-
FFF Amer Fled'ling F		$94.94	99.70	+0.11	-
FFF Asian Smaller Cos F		$10.70	11.32	+0.08	-
FFF China		$15.13	16.00	+0.27	-
FFF Continental Europe F		DM43.42	45.83	-0.08	-
FFF DM Balanced F 5		DM11.75	12.43	—	-
FFF DM Bond 3		DM11.29	11.70	+0.01	6.50
FFF Eastern European F		DM32.34	34.11	-0.29	-
FFF Eastern Opps		$23.63	24.99	+0.29	-
FFF Emerging Markets F		$10.54	11.15	+0.09	-
FFF European		DM42.98	45.48	-0.08	-
FFF European Smlr Cos F		DM26.07	27.58	+0.08	-
FFF Global Conv F		$18.27	19.33	+0.01	-
FFF India F		$9.00	9.52	—	-
FFF Intl Bond F		$13.63	14.42	-0.01	-
FFF Intl Equity F		DM80.80	85.48	+0.14	-
FFF Japanese		$14.27	15.10	+0.21	-
FFF Japanese Smaller Cos F		$5.79	6.12	+0.01	-
FFF Latin American		$13.58	14.34	-0.09	-
FFF Pacific		$21.38	22.63	+0.23	-
FFF Sterling Bond		£1.085	1.140	-0.001	7.50
FFF UK Enterprise		£5.59	5.91	—	-
FFF US Discovery		$45.44	47.84	+0.29	-

Fleming Flagship Series 8 (Daily Dealing)

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
DM Class F		DM12.403		—	2.83
FFr Class F		FFr64.054		+0.005	2.80
ITL Class F		L21995		+4.000	6.41
£ Class F		£5.200		+0.001	5.84
US$ Class F		$11.075		+0.001	6.18

Foreign & Colonial Emerging Markets Ltd (u)
Exchange Hs, Primrose St, Ldn, EC2A 2NY 0171-628 1234
F&C Emerging Markets

	Init Rates Chrge	Selling Price	Buying Price	+or -	Yield Gr's
Argentinian Inv Co F		$24.46		-0.04	-
Brazilian Inv Co SICAV F		$61.82		-0.78	-
Emrg Mkts Inv Co SICAV F		$11.10		—	-
Latin Amer Inv Co SICAV F		$12.21		-0.08	-

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

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	Selling Price	Buying Price	+ or -	Yield Gross
Old Mutual International (Guernsey) Ltd				
PO Box 121, St Peter Port Guernsey 01481 726726				
£ Stg Managed	£4.585	4.908	—	—
£ European Stockmkt	£8.886	9.117	—	—
£ UK Stockmkt	£5.491	5.905	—	—
£ Sterling Special Mkt	£4.448	4.783	—	—
£ UK Fixed Interest	£4.990	5.369	—	—
£ Stg Money Mkt	£3.010	3.236	—	—
£ Capital Guarantee	£1.734	1.864	—	—
$ Dollar Managed	$3.404	3.660	—	—
$ Intl Stockmkt	$4.537	4.879	—	—
$ US Dollar Bond	$1.397	1.503	—	—
$ Nth Am Stkmkt	$4.171	4.485	—	—
$ Japan Stockmkt	$1.282	1.378	—	—
$ Pacific Stockmkt	$4.860	5.215	—	—
$ Emerging Asian Stockmkt	$2.390	2.570	—	—
$ Hong Kong Stockmkt	$8.030	8.645	—	—
$ Intl Fixed Interest	$3.886	4.180	—	—
$ Intl Mngd Currency	$2.471	2.657	—	—
$ Dollar Money Mkt	$2.282	2.465	—	—
$ Latin American Stockmkt	$1.091	1.173	—	—
$ Dollar Special Mkt	$0.984	1.060	—	—
$ Emerging Market Bond	$1.285	1.380	—	—
$ Emerging Stockmarkets	$0.953	1.025	—	—
G'teed Futures1 Sep '98		$2.074	—	—
G'teed Futures2 Mar '99		$1.772	—	—
G'teed Futures3 Sep '99		$2.060	—	—
G'teed Futures4 Dec 2000		$1.925	—	—
G'teed Futures5 Dec 2001		$0.796	—	—
[illegible]		$1.143	—	—
Swiss Franc Managed	SFr7.806	8.394	—	—
Swiss Franc Money Mkt	SFr1.286	1.383	—	—
[illegible]	SFr1.118	1.204	—	—
DEM Deutschmark Mgd	DM2.878	3.095	—	—
$ Secure Stkmkt Index	$0.944	1.018	—	—
£ Secure Stkmkt Index	£0.946	1.018	—	—
Rothschild High Yield	$0.938	1.008	—	—
Fidelity Managed International	£0.978	1.052	—	—
Perpetual UK Growth	£0.968	1.041	—	—
GT Investment	$0.942	1.015	—	—
[illegible]	DM0.957	1.029	—	—
[illegible]	$0.912	0.981	—	—
Broker Managed Funds				
£ DFS Global Port	$1.305	1.391	—	—

	Selling Price	Buying Price	+ or -	Yield Gross
Sun Alliance International Life				
PO Box 77, Les Echelons Ct, St Peter Port, Grsy 01481 714108				
US Dollar Global Managed	$2.17	2.34	—	—
Stg Global Managed	£2.18	2.29	—	—
Sun Life International (IOM) Ltd				
Bridge House, Castletown, Isle of Man				
Tel: 44 (0) 1624 825000 Fax: 44 (0) 1624 825010				
Prices Line: 44 (0) 1624 824740				
Aggressive Managed	£1.448		—	—
Balanced Managed	£1.340		—	—
Defensive Managed	$1.382		—	—
Sterling Income	£1.244		—	—
Sterling Guaranteed Money	$1.257		—	—
Offshore Deferred Distribution	$1.491		—	—

OTHER OFFSHORE FUNDS

	Selling Price	Buying Price	+ or -	Yield Gross
ATSP Management Ltd				
Philippines Long Term Equity				
NAV Jan 31	$43.82		—	—
AXA Asset Management				
AXA Valeurs	FFr169.36		—	—
AXA Europe Actions Cap.	FFr344.83		—	—
AXA Europe Actions Dist.	FFr344.83		—	—
[illegible]	FFr151.4		—	—
[illegible]	FFr140.09		—	—
AXA NPI Cap	FFr149.11		—	—
AXA NPI Dist	FFr146.11		—	—
Apex Bank & Trust Company				
BCM Intl Convertible (OEIC)			—	—
BCM Intl Fixed Income (OEIC)			—	—
BCM Intl Equity (OEIC)			—	—
Acciones y Valores de Mexico SA de CV				

	Selling Price	Buying Price	+ or -	Yield Gross
Chameleon Funds Limited				
Prudence Gordon & Co Limited - UK Representative				
UK Equity Fund	£152.83	154.18		
Champion Global Fund Management				
Security Fund Ltd Jan31	$1025.43			
Chesapeake Capital Corporation				
Chesapeake Select - C	$1582.52			
Chesapeake Select 2X - A	$1491.25			
Chescor Indian Investment Company				
[illegible] Feb 14	$2.45			
The China Fund				
NAV Feb 14	$14.27			
Subscription Price	$14.34			
Repurchase Price	$14.20			
The China Invest & Development Fd				
Red Fig Pref NAV Jan 31	$10.42			
Citibank Global Asset Mgmt (Asia)				
Nippon Fd	$75.08			
Asian Equity	$9.57			
Hong Kong Equity	$12.81			
Citizens Investment Trust Mgt Co Ltd				
Korea Growth Tst NAV (z)	$22.98			
Korea 1990 1st NAV (z)	$3.80			
Seoul Asia Index Co NAV (z)	$8.30			
For Clariden Bank see Guernsey(Regulated)				
Coast Asset Management Corporation				
Coast Enhanced Income I Ltd	$14125.56			
Cover Arbitrage Ltd	$22946.76			
Cover Diversified Fd Ltd				
Columbus Asset Management Ltd				
India	$4.1987			
New Millennium Fund Inc	$11.8339			
Nth American Dec 31	$9.5866			
Connor Asset Management Ltd				
Eastern Capital Fd NAV	$27.86			

[illegible]

	Selling Price	Buying Price	+ or -	Yield Gross
Webster Global Fd	$117.85	121.08	—	—
Westman & Leander-Engstrom Inv Mgmt Ltd				
The Russian Prosperity Fund				
A Shares	$27.85		—	—
B Shares	$19.82		—	—
Worldwide Limited				
NAV Jan 31	$84.98		—	—
Xiphias International Investment Fd Ltd				
Xiphias Global Growth	$11.07		—	—
Xiphias 10 ECU Acc	Ecu1.6282		—	—
Zanett Lombardier Ltd				
NAV Dec 31	$210.25		—	—
Zeland Investment Management AG				
European Focus Feb 14	DM100.178		—	—
Zweig-DiMenna International Limited				
NAV Jan 31	$15935		—	—

● MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland/Irish Department of Enterprise and Employment
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
OEIC - Open Ended Investment Company.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(✱) 0001 to 1100 hours
(✱✱) 1101 to 1400 hours
(✱✱✱) 1401 to 1700 hours
(✱✱✱✱) 1701 to midnight
E Exit charge on sale of units.
C Manager's periodic charge deducted from capital.
H Historic pricing F - Forward pricing
h Distribution free of UK taxes.
p Periodic premium insurance plans.
s Single premium insurance.
u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities.
x Offered price includes all expenses except agent's commission.
ǂ Previous day's price.
§§ Guernsey gross.
✦ Yield before Jersey tax.
† Ex-subdivision. xd - Ex-dividend.
‡ Only available to charitable bodies
◆ Yield column shows annualised rates of NAV increase.

The fund prices published in this edition are also available at the Financial Times' web site, http://www.FT.com

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

ENGINEERING - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Triplex Lloyd		195½xd	-1	272¼	139	128.4	4.5	11.0
Turnpike		13½	—	16	9½	3.00	4.5	15.2
Tyzack Precision		75½	—	84½	38	12.4	5.0	8.5
Ultra Electronics		304½	—	332½	282½	197.8	2.7	20.6
Unicorn Intl		167½	—	167½	134	61.6	4.1	14.9
United Industries		66	—	82½	47½	20.9	4.3	10.0
Vickers		298½	—	302	241	883.4	3.4	15.8
Villiers		9½	—	14	8¼	11.2	—	—
Wesc		641½	—	770	621	311.1	2.1	12.0
Vosper Thorn		957	—	982	750	307.2	3.2	15.9

FOOD PRODUCERS - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Usborne		17½	-½	22½	8½	7.49	7.1	8.4
WT Foods		32½	+½	35½	24½	17.4	5.5	22.2
Waterford A£		87	—	110	80	58.3	4.0	7.3
Whitchurch		27	—	61	27½	7.75	7.4	—
Yorkshire Food		12¾	—	61	11½	5.07	6.6	—

GAS DISTRIBUTION

For British Gas see BG

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
BG		176½	-2	198¼	134	7,818	10.3	32.0

HEALTH CARE

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

HOUSEHOLD GOODS

INSURANCE

INV TRUSTS SPLIT CAPITAL

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER , PACKAGING & PRINTING

PAPER , PACKAGING & PRINTING - Cont.

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£24½		£31½	£20¼	1,985	3.1	
Barlow		£7½	+½	9½	25½	1,461	2.0	14.8
Gold Flds Prop R.	†	130		150	120	14.3	6.4	10.3
MK Props.		65		65	60	2.61	13.6	-
SASOL		645		710	517	3,777	1.7	-
SA Brews		£19½		£24½	£13½	5,888	1.8	
Standard Bank		£25½	+¼	£31½	£21	3,058	1.4	22.5
Tiger Oats		790		1176	770	1,188	2.3	15.4
Tongaat-Hulett		768	+½	1138	676¼	727.8	2.3	

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Rule 2.1(3)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion

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Calls charged at 45p per minute cheap rate and 50p per minute at all other times.
An international service is available for callers outside the UK, annual subscription £250 stg.
Call 0171 873 4378 for more information on FT Cityline.
The share prices printed on these pages are also available on the internet at http://www.FT.com.

LONDON STOCK EXCHANGE

Derivatives provide focus for UK equities

MARKETS REPORT

By Peter John

Seekers after stock market excitement needed to look a little more closely than usual yesterday.

But a fall in the FTSE 100 index of only 1.3 points to 4,356.1 belied some keen position-taking and exceptionally heavy turnover.

Overseas moves and broad economic pointers were essentially put on hold yesterday. The death of Deng Xiaoping, China's paramount leader, caused few ripples. The news was announced late on Wednesday and led to slight selling on Wall Street, but gains in Tokyo and Hong Kong.

And when London opened yesterday the most significant influence appeared to be a markdown in derivatives prices.

FTSE 100 index options expire tomorrow and the most popular series is priced at 4,350. There were suggestions that dealers with big positions would be happy to see Footsie at that level when expiry takes place today.

Meanwhile, turnover jumped to 1,129.8m shares although the figure was slightly illusory. Two stocks, Centrica and General Cable, accounted for more than 20 per cent of that volume.

Nevertheless, trade was well up on the 930m shares dealt on Wednesday, when customer business rose to £2.9bn.

There was some lift provided by the latest survey from the Confederation of British Industry. The CBI's industrial trends survey showed little change from the December report and revised down gross domestic product growth forecasts.

It also assumed base rates would remain at 6 per cent in the first half of 1997, before rising to 6.5 per cent in the third quarter.

However, the news was less encouraging for exporters, which have seen a big loss of competitiveness because of the rise in sterling against the D-Mark.

The latest figures compiled by BZW show that 53 per cent of the turnover generated by Footsie companies and 38 per cent of sales of FTSE 250 companies comes from overseas.

Those companies with exposure to Germany, such as RMC and Redland, failed to get any comfort yesterday from German economic news which took some of the heat out of sterling.

Mr Steve Wright of BZW said "We have seen a 25 per cent increase in sterling against the D-Mark and it will be a long time before the profits warnings [of exposed companies] ease."

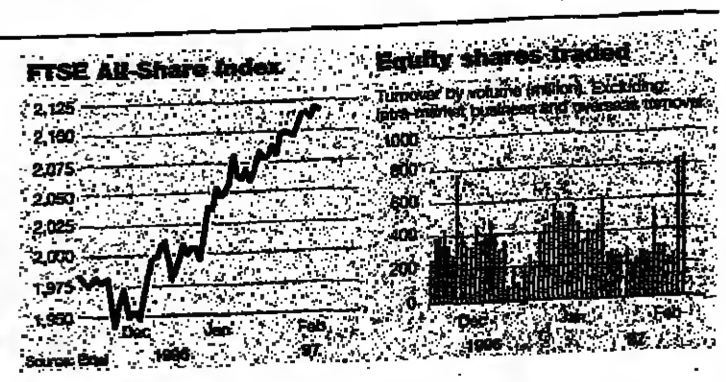
However, he pointed out that the yield ratio between long gilts and equities was below the historic average. He said that, with UK government bonds yielding some 170 basis points above their German 10-year equivalent, there would be pressure for yields to fall and prices to rise ahead of the Maastricht convergence deadline.

Nevertheless, much of this mulling remained on the back burner as analysts preened themselves for their annual industry bash last night.

However, there was support from news that Rank, the leisure group, planned to buy back 10 per cent of its shares, which would mean up to £370m coming back into the market.

FTSE All-Share Index

Equity shares traded



Indices and ratios

FTSE 100	4356.1	-1.3
FTSE 250	4633.5	+13.1
FTSE 350	2150.8	+0.8
FTSE All-Share	2122.75	+1.00
FTSE All-Share yield	3.51	3.51

FT 30	2874.5	+2.5
FTSE Non-Fins p/e	18.49	18.47
FTSE 100 Fut Mar	4343.0	+3.0
10 yr Gilt yield	7.13	7.18
Long gilt/equity yld ratio	2.08	2.07

Best performing sectors

1 Alcoholic Beverages .... +1.8
2 Household Goods .... +1.3
3 Transport .... +1.0
4 Extractive Industries .... +0.9
5 Leisure & Hotels .... +0.9

Worst performing sectors

1 Telecommunications .... -1.2
2 Distributors .... -0.9
3 Utilities .... -0.7
4 Insurance .... -0.7
5 Electricity .... -0.7

Rank buy-back delight

By Lisa Wood and Joel Kibazo

Rank, one of the UK's biggest leisure groups, was the best performer in the FTSE 100, bouncing 27 to 442p after full-year results in line with expectations. The stock has underperformed the FTSE All-Share index by nearly 23 per cent since Mr Andrew Teare took over as chief executive last April.

Analysts said, however, that the post-results meeting with the company had been positive and there was a collective sigh of relief as there were no bad surprises in the figures. A number of analysts nudged forecasts down on currency concerns.

Mr Jason Crisp, media analyst at SGST, said the prospect of a share buy-back worth up to £370m, a reminder that Rank will sell its stake in Rank Xerox and of a management that appears more confident, all added up to the market believing the group has the potential for recovery.

Turnover in newly demerged Centrica was a hefty 177m, the busiest FTSE 100 stock of the day, ahead of an auction of shares held by US investors.

The group has no ADR listing and holders of British Gas ADRs have had to decide whether they wanted to hold the London stock or take up an offer from Bank of New York, the custodian of the shares, to auction them in the market.

Dealers and marketmakers indicated that around 40m shares would be coming on to the market in an auction taking place yesterday afternoon, and yesterday's volume was position-taking ahead of the auction.

General Cable was also busy after Singapore Telecom sold its 9.2 per cent stake in the UK group in a placing carried out by Lehman Brothers. Turnover at the close was 66m as the shares closed a penny off at 179½p.

It was a roller coaster ride in industrial gases company BOC Group which reported three-month figures to the end of December 1996.

Profits for the quarter at £102.7m against £100.8m last time, were in line with market expectations, but prompted a general feeling in the market that there was little reason for rushing to buy the stock.

That view sent the shares into retreat and at the day's worst they showed a net loss of 10 to 928p.

However, a short position appeared to have developed in the stock later on. The squeeze not only reversed the earlier losses but sent the stock sharply ahead, helping it become one of the top ten best performing shares of the day, closing 21½ ahead at 959½p.

Asda was one of the worst performers in the FTSE 100, weakening 3¼ to 113¼p, a move assisted by a note from NatWest Securities which said the broker was downgrading its recommendation from "hold" to "reduce".

NatWest cut its profits forecast for the supermarket group by 6 per cent in 1998 and 10 per cent in 1999.

NatWest said Asda, under its "renewal" strategy, had returned from the brink of financial collapse to recover both profitability and brand franchise. However, this strategy was facing increasing challenges.

The broker rebutted Asda's claim that its return on capital was rising while that of its main competitors was declining. In fact, said NatWest, Asda's return on capital was levelling off.

Reed International, the publisher, rose 10 to 1157½p, continuing a sharp rise attributed to the possibility of either a bid or merger. Reuters, which has been cited as the possible partner, hardened 5½ to 672p.

There was also talk of a link-up between Reed's Elsevier arm and Wolters Kluwer, the Dutch publisher.

Reed has said it "knows of no reason" for the continued strength in its shares, while Reuters said it never commented on market speculation.

BSkyB fell 16½ to 607p with one analyst suggesting the stock was overpriced and 600p was about right.

Yorkshire Tyne-Tees TV hardened 20 to 1172½p. One analyst said the movement was probably a knee jerk reaction to Granada, which has a substantial stake in the television company, disposing of hotel assets.

The thinking was that Granada might complete its acquisition of Yorkshire.

Lloyds TSB declined 18 to 513½p on a combination of profit-taking after their recent run, and renewed concerns about competition in the mortgage market.

Specialists pointed to the bigger-than-expected market share secured by the Woolwich building society which was announced earlier this week.

Abbey National gave up 18½ to 783½p on fears that it may not win the hand of Scottish Amicable, in which it has shown interest.

Scottish Amicable yesterday said it was inviting firm bids for the company by February 28 and a final bid is expected to be recommended by its board by mid-March.

Prudential Corporation, which firmed to 558p, has already expressed its interest, while analysts are waiting to see if National Westminster, up 9½ at 813½p, will enter the fray.

Supporters of Barclays finally won the upper hand after three continuous sessions of sharp retreats. The shares bounced 15½ to 1126½p, with 13m dealt.

HSBC was also in demand. The shares rose 16 to 1570½p.

Hopes of progress in US/UK "open skies" talks currently taking place in Washington, boosted British Airways. The shares jumped 16½ to 634½p.

The airline is expected to give its view on the state of the talks at a UBS airlines conference being held on Monday.

Railtrack, which owns the track, signalling, and stations on the UK's rail network, rose 11½ to 422½p, after the group published its investment strategy.

Guinness hardened 12 to 459p. Analysts said there was strong buying in the US and rumours that Cazenove was pushing the stock along with Allied Domecq, which rose 6½ to 443p. Buying from the US was also said to be responsible for Pizza Express rising 12½ to 559½p.

Shield Diagnostics jumped 80 to 416½p. The company announced it had reached an exploratory research agreement with Abbott Laboratories.

Recruitment services group PSD made an impressive debut. Having been placed at 220p, the shares ended their first day of trading at 288½p, after chunky trade of 3.5m. Merrill Lynch is a fan of the stock.

Mobile telephone company Vodafone was the day's worst performer. The shares eased 10½ to 288½p, and turnover was 6.5m.

FT 30 INDEX

	Feb 20	Feb 19	Feb 18	Feb 17	Feb 14	Yr ago	*High	*Low
FT 30	2874.5	2872.0	2843.3	2845.6	2858.2	2781.5	2886.2	2668.8
Ord. div. yield	3.89	3.91	4.05	4.04	3.97	3.88	4.22	3.76
P/E ratio net	17.85	17.77	17.19	17.20	17.52	16.13	17.55	15.80
P/E ratio nil	17.63	17.55	16.95	16.99	17.31	15.93	17.38	15.71

FT 30 since compilation: high 2886.2 19/04/96, low 49.4 26/06/40, Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2862.4	2861.0	2867.5	2868.5	2870.8	2875.7	2869.4	2869.5	2869.5	2876.7	2855.4

	Feb 20	Feb 19	Feb 18	Feb 17	Feb 14	Yr ago
SEAQ bargains	48,221	46,393	47,719	49,038	48,855	31,140
Equity turnover (£m)†	-	2906.7	2347.0	2162.2	647.1	1999.0
Equity bargains†	-	44,227	45,690	45,480	14,491	36,681
Shares traded (m)†	-	804.9	853.1	832.4	257.2	625.2

†Excluding intra-market and overseas turnover.

	Feb 20	Feb 19	Feb 18	Feb 17	Feb 14	Yr ago	*High	*Low
FTSE AIM	1129.9	1121.2	1122.2	1129.8	1137.5	1026.9	1140.4	995.7

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■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	775	Total Highs	196	Total contracts	83,514
Total Falls	424	Total Lows	19	Calls	51,647
Same	1,300			Puts	31,867

Feb 20 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4329.0	4343.0	+2.0	4354.0	4327.0	12925	57444
Jun	4366.5	4363.5	+1.5	4366.5	4361.5	59	6406
Sep	-	4390.0	+2.0	-	-	0	1901

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	-	4630.0	+10.0	-	-	0	6436

■ FTSE 100 INDEX OPTION (LIFFE) (*4355) £10 per full index point

[illegible]

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996/97 High	1996/97 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	F.P.	8.97	180	128½	†C&B Publishing	175		-	-	-	-
§	F.P.	3.25	3½	3	†Calidore Group	3¼		-	-	-	-
§	F.P.	2.00	1½	½	†Do Warrants	1¼		-	-	-	-
75½	F.P.	3,109	77½	55	Centrica	70¼	+3¼	-	-	-	-
	F.P.	-	455	425	First Rus Wts II	455		-	-	-	-
§100	F.P.	16.8	298	171	†GB Railways	192½	-1	-	-	-	-
§125	F.P.	27.7	150	144	†Infobank Intl	144		-	-	-	-
§	F.P.	5.53	4	3¼	†J Lewis Hungld	4		-	-	-	21.4
§	F.P.	89.8	292½	220	PSD (A/L)	288½		5.43	2.4	2.4	22.5
§100	F.P.	24.7	123½	97½	Prelude Tst	118½		-	-	-	-
§*	F.P.	1.73	51	22½	Do Warrants	41½		-	-	-	-
§100	F.P.	6.39	105	99	Tea Plantations	102		-	-	-	-
§	F.P.	0.38	30½	24½	Do Warrants	30½		-	-	-	-
§	F.P.	30.9	128½	122½	Technoplast	122½		-	-	-	-
§	F.P.	5.84	24½	24½	†Zicor Mining	24½		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1996/97 High	1996/97 Low	Stock	Closing price p	+or-
320	Nil	26/2	65pm	42½pm	Finelist Group	43½pm	-1

pm premium.

FT GOLD MINES INDEX

	Feb 19	% chg on day	Feb 18	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	1811.84	+0.9	1794.93	2585.74	1.82	-	2405.83	1674.61
■ Regional Indices								
Africa (14)	2194.58	+2.5	2140.93	3239.60	4.08	32.71	3252.18	1918.45
Australasia (7)	2077.28	+0.6	2065.89	2710.71	2.42	22.62	2861.03	1941.72
North America (12)	1670.07	+0.3	1664.27	2086.12	0.75	62.14	2134.81	1550.58

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Feb 20	Day's chge%	Feb 19	Feb 18	Feb 17	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4356.1	.....	4357.4	4332.3	4337.8	3740.0	3.61	2.11	16.39	7.57	1825.83
FTSE 250	4633.5	+0.3	4620.4	4612.7	4606.5	4187.7	3.37	1.50	24.75	8.01	1802.99
FTSE 350 ex IT	4666.8	+0.3	4654.9	4648.9	4643.5	4213.5	3.48	1.52	23.72	8.85	1921.06
FTSE 350	2150.8	.....	2149.8	2139.3	2140.9	1867.4	3.56	1.89	17.63	3.83	1641.53
FTSE 350 Higher Yield	2064.4	.....	2064.2	2054.7	2056.9	1870.3	4.63	1.86	14.48	3.05	1491.00
FTSE 350 Lower Yield	2244.3	+0.1	2242.8	2231.3	2232.1	1869.1	2.50	2.22	22.47	4.66	1579.89
FTSE SmallCap	2350.55	+0.2	2346.43	2343.45	2340.96	2041.93	2.90	1.66	26.01	4.57	1967.81
FTSE SmallCap ex IT	2355.50	+0.1	2352.11	2350.09	2348.72	2020.09	3.07	1.73	23.51	4.97	1986.71
FTSE All-Share	2122.75	.....	2121.75	2111.96	2113.17	1842.98	3.51	1.97	16.06	3.81	1645.27

■ FTSE Actuaries Industry Sectors

	Feb 20	Day's chge%	Feb 19	Feb 18	Feb 17	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4031.20	.....	4031.77	4049.42	4057.11	3235.43	3.71	2.14	16.75	15.36	1773.73
12 Extractive Industries(5)	3925.43	+0.9	3888.70	3890.27	3881.54	4189.28	4.12	2.68	11.33	0.00	1169.97
15 Oil, Integrated(3)	4152.55	-0.2	4160.90	4183.65	4196.14	3265.33	3.92	2.08	15.34	20.17	1879.35
16 Oil Exploration & Prod(12)	3546.84	+0.4	3533.45	3533.33	3527.65	2217.06	1.46	1.71	50.21	0.00	2150.36
20 GEN INDUSTRIALS(273)	1990.59	+0.4	1982.84	1981.05	1985.12	2039.67	3.87	1.87	17.29	1.97	1114.85
21 Building & Construction(35)	1357.66	+0.1	1356.32	1351.73	1355.57	1070.65	3.03	1.62	25.53	1.19	1160.34
22 Building Matls & Merchs(31)	1860.89	+0.1	1858.34	1852.15	1862.60	1886.42	4.19	1.39	21.51	0.44	961.95
23 Chemicals(26)	2331.44	+0.6	2316.69	2314.19	2320.53	2472.41	4.47	1.42	19.68	0.56	1132.03
24 Diversified Industrials(17)	1461.00	+0.1	1460.05	1461.29	1451.05	1771.19	4.42	2.58	10.94	4.02	847.35
25 Electronic & Elect Equip(39)	2293.98	+0.8	2275.69	2272.45	2289.27	2348.34	3.41	1.34	27.42	0.90	1218.74
26 Engineering(71)	2528.33	+0.4	2517.15	2512.71	2516.65	2282.27	3.23	2.34	16.51	3.67	1566.65
27 Engineering, Vehicles(13)	2768.72	+0.8	2748.31	2764.97	2794.34	2612.88	3.88	1.71	18.79	0.25	1462.50
28 Paper, Pckg & Printing(27)	2505.79	+0.3	2497.89	2500.08	2496.51	2682.93	4.16	1.79	16.81	0.00	1068.67
29 Textiles & Apparel(14)	1085.73	-0.1	1086.29	1082.01	1087.24	1481.13	9.47	1.28	15.11	0.44	687.25
30 CONSUMER GOODS(85)	4127.84	+0.3	4115.89	4042.25	4033.44	3626.06	3.57	1.87	18.69	8.23	1584.41
32 Alcoholic Beverages(7)	2757.19	+1.8	2708.89	2686.90	2672.62	2797.19	4.68	1.67	14.28	31.28	1032.79
33 Food Producers(25)	2858.92	+0.4	2848.60	2855.26	2852.57	2582.29	3.91	1.80	18.28	5.00	1325.55
34 Household Goods(17)	2822.07	+1.3	2784.65	2788.74	2799.84	2557.95	3.56	2.23	15.71	1.06	1139.42
36 Health Care(16)	2266.46	-0.3	2272.52	2260.79	2254.65	1953.68	2.90	1.89	25.48	3.40	1402.49
37 Pharmaceuticals(16)	6455.89	.....	6457.13	6277.68	6279.12	5165.30	2.77	1.77	25.56	0.00	2230.79
38 Tobacco(2)	4541.25	-0.4	4557.89	4415.76	4363.52	4891.93	6.71	2.13	10.29	0.00	1169.45
40 SERVICES(273)	2688.19	+0.1	2685.90	2677.24	2678.75	2327.43	2.82	2.01	22.13	7.11	1426.41
41 Distributors(30)	2782.10	-0.9	2806.95	2819.51	2816.74	2583.43	3.05	2.00	20.50	0.46	1046.11
42 Leisure & Hotels(31)	3526.54	+0.9	3493.71	3493.49	3498.27	2889.98	2.52	2.03	24.49	19.12	1829.10
43 Media(44)	4385.52	-0.1	4391.44	4382.84	4352.43	3839.56	2.17	2.13	26.99	7.82	1609.33
44 Retailers, Food(15)	1966.33	-0.5	1976.90	1961.73	1960.04	1914.60	4.03	2.31	13.46	4.28	1283.05
45 Retailers, General(53)	2098.09	-0.1	2099.59	2097.12	2094.38	1922.48	3.11	2.02	19.95	6.94	1229.73
47 Breweries, Pubs & Rest.(22)	3382.22	-0.1	3385.46	3393.58	3388.99	2979.31	3.20	2.10	18.60	19.84	1673.23
48 Support Services(56)	3029.39	+0.3	3021.91	3024.49	3015.44	2075.60	1.86	2.44	30.93	1.19	1956.45
49 Transport(22)	2826.19	+1.0	2798.19	2778.52	2783.29	2300.11	3.40	1.26	29.25	9.35	1210.78
60 UTILITIES(30)	2733.11	-0.7	2752.44	2733.36	2738.55	2465.94	4.89	1.57	16.32	5.11	1242.00
62 Electricity(9)	2858.08	-0.7	2877.11	2976.51	2868.19	2774.19	5.99	2.19	9.57	22.08	1578.62
64 Gas Distribution(2)	1660.42	+0.7	1648.64	1611.63	1613.31	1577.30	7.35	‡	‡	0.00	906.54
66 Telecommunications(8)	2303.58	-1.2	2331.63	2313.60	2318.18	2033.73	3.63	1.56	22.03	0.00	1087.48
68 Water(11)	2521.59	+0.1	2520.04	2510.34	2513.42	2095.57	5.80	2.31	8.15	0.00	1458.40
69 NON-FINANCIALS(681)	2166.30	+0.1	2164.71	2152.83	2153.55	1945.48	3.59	1.86	19.49	4.77	1692.40
70 FINANCIALS(106)	3957.04	-0.1	3961.41	3957.09	3964.28	2949.21	3.44	2.40	15.19	1.08	1747.13
71 Banks, Retail(8)	5808.31	-0.2	5818.52	5811.15	5825.44	4174.05	3.25	2.73	14.05	0.00	1944.23
73 Insurance(18)	1762.17	-0.7	1774.49	1769.89	1771.46	1439.25	4.73	2.34	11.31	1.86	1367.03
74 Life Assurance(7)	4588.41	+0.1	4580.53	4603.26	4622.89	3553.89	3.39	1.78	20.73	0.00	1949.98
77 Other Financial(26)	3199.65	.....	3198.10	3185.47	3172.04	2543.86	3.20	2.05	19.06	1.32	1871.19
79 Property(41)	1882.64	+0.6	1971.25	1966.50	1968.32	1461.92	3.39	1.33	27.78	2.57	1181.57
80 INVESTMENT TRUSTS(127)	3382.77	+0.4	3368.94	3355.03	3342.91	3133.17	2.13	1.12	52.66	5.79	1200.35
89 FTSE All-Share(914)	2122.75	.....	2121.75	2111.96	2113.17	1842.98	3.51	1.97	18.08	3.81	1645.27
FTSE Fledgling	1332.69	+0.3	1329.35	1327.94	1326.63	1147.96	2.90	0.54	80.00†	2.67	1420.88
FTSE Fledgling ex IT	1352.39	+0.2	1349.02	1348.40	1347.77	1147.83	3.19	0.47	80.00†	2.70	1444.12

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4348.8	4350.3	4356.8	4357.0	4359.5	4359.8	4361.4	4348.8	4352.9	4362.4	4341.8
FTSE 250	4619.2	4619.5	4624.4	4624.8	4626.4	4629.6	4629.2	4629.9	4632.4	4633.4	4618.8
FTSE 350	2148.7	2147.1	2148.9	2150.1	2151.3	2151.8	2148.3	2147.4	2149.5	2152.1	2143.6

Time of FTSE 100 Day's high: 10:29 AM Day's low: 8:30 AM. FTSE 100 1996/97 High: 4357.4 (19/02/97) Low: 3632.3 (16/07/96).

■ FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1303.0	1303.9	1302.0	1302.1	1302.3	1302.7	1302.6	1302.0	1302.0	1303.0	-1.0	
Pharmaceuticals	6339.3	6339.4	6332.0	6342.8	6342.8	6335.3	6356.7	6380.6	6370.1	6372.8	-2.7	
Water	2509.5	2509.1	2512.0	2511.6	2513.4	2513.2	2510.2	2510.4	2514.9	2513.2	+1.7	
Banks, Retail	5912.5	5909.8	5917.3	5903.7	5894.5	5887.7	5883.2	5873.9	5887.1	5882.0	-10.8	

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FTSE International Limited 1997. All Rights reserved. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	163	825	-1½
ASDA Group†	7,500	113½	-3¼
Abbey National†	5,600	783½	-18½
Airtours	123	977½	+8
Albert Fisher	658	43¼	
Allied Domecq†	2,200	443	+6½
Anglian Water	1,500	646	+7
Argos†	219	698½	+8
Arjo Wiggins	1,100	151½	-1
Assoc. Brit. Foods†	650	498½	-2½
Assoc. Brit. Ports	252	312	+½
BAA†	670	530	-1
BAT Inds.†	6,300	544	-1½
BBA	6,900	341½	+13½
BICC	216	265½	+2
BOC†	2,600	959½	+21½
BG†	10,700	176½	-2
BP†	8,600	684½	+½
BPB	847	344½	-½
BSkyB†	4,900	607	-16½
BT†	9,200	433	-5
BTR†	5,600	242½	+½
Bank of Scotland†	2,900	363½	+1
Barclays†	13,600	1126½	+15½
Bass†	2,000	864½	-1½
Blue Circle†	2,300	391	+2
Booker	964	355	-1
Boots†	1,700	687½	+1
Britannic	1,400	861½	-8
Brit. Aerospace†	2,107	1229½	-2½
British Airways†	5,000	634½	+16½
British Biotech	1,400	248	+6
British Energy	4,700	144	-3
British Land	1,300	535	+7½
British Steel†	10,600	143¼	+1
Burmah Castrol†	657	1032½	
Burton†	2,100	154½	
Cable & Wire†	1,600	509	-3½
Cadbury Schweppes†	3,800	486	-4½
Caradon	1,300	269	
Carlton Comms.†	1,400	549	-6½
Centrica†	177,100	70¼	+3¼
Chubb	3,700	429½	-3½
Coats Viyella	7,400	132½	
Comm. Union†	1,200	721	
Compass	701	723½	+11
Cookson	653	239½	+1
Courtaulds	2,500	373½	+3½
Dalgety	81	341	-2
De La Rue	758	661	+24½
Dixons†	2,100	513½	-7½
EMAP	173	810½	
EMI†	1,300	1235	-9½
Electrocomps	1,200	409½	-3
Eng China Clays	839	186½	+4
Enterprise Oil†	1,900	644	+½
FKI	1,300	188	+2½
Foreign & Col. I.T.	886	159	+¼
Gen. Accident†	1,400	644	-6
General Elect.†	6,200	381½	+5½
Glaxo Wellcome†	8,100	1039½	-10½
Glynwed	5,600	298½	-1½
Granada†	1,500	927	-1
Grand Met.†	7,500	488	+8½
GUS†	9,100	575½	+13½
Greenalls	1,100	564½	+1½
GRE†	849	286	-½
GKN†	2,300	935½	+22
Guinness†	6,800	459	+12
HSBC (75p shs)†	3,600	1570½	+16
Hammerson	442	448½	+6½
Hanson†	70,800	89¼	-¼
Harrisons Crosfield	11,700	129	+1½
Hays†	423	572	-3½
Hillsdown	1,200	180	
Hyder	330	830	-1
IMI	2,300	359	-1
ICI†	2,900	761½	-½
Imperial Tobacco†	3,800	425½	-4½
Inchcape	1,100	275	-5
Johnson Matthey	383	542	+5½
Kingfisher†	1,600	657½	-3
Kwik Save	21	309	
Ladbroke†	1,900	234	-1½
Land Securities†	1,300	782	+½
Laporte	546	638½	-7
Legal & General†	4,400	408	+6
Lloyds TSB†	14,100	513½	-18
LASMO†	1,400	242½	+3
Lonrho	5,400	143½	+4
LucasVarity†	3,500	193½	-1½
MEPC	791	473½	
MFI	1,200	184	
Marks & Spencer†	1,300	486	-3½
Mercury Asset Mgmt†	57	1339	-6
Morrison (Wm.)	617	149	
NFC	2,900	157	-½
NatWest Bank†	4,700	813½	+9½
National Grid†	1,600	208	-1
National Power†	3,600	489½	-11½
Next†	286	594	-1
Northern Foods	2,000	219	-2
Orange†	2,000	210	-1½
Pearson†	3,700	764½	+11
P & O†	4,000	684½	+9½
Pilkington	2,700	133	+1
PowerGen†	3,400	642	-8½
Premier Farnell	835	519	-11½
Provident Financial	1,300	563½	+1
Prudential†	4,400	558	+½
REXAM	1,500	321	-4½
RMC†	464	895	-2½
RTZ†	4,700	922	+9
Racal	838	291½	+2½
Railtrack†	5,200	422½	+11½
Rank Group†	10,100	442	+27
Reckitt & Colman†	2,580	778	+17½
Redland†	1,500	347	-3
Reed Intl.†	5,700	1157½	+10
Rentokil Initial†	1,800	474	+½
Reuters†	6,500	672	+5½
Rolls Royce†	8,000	229½	+4
Royal & Sun Alliance†	4,000	494	-8
Royal Bk Scotland†	2,100	629½	+½
Safeway†	3,300	358	-3½
Sainsbury†	6,500	314	-2
Schroders†	179	1730	-15
Scottish & New.†	2,300	665	-4
Scot. Hydro-Elect.	1,300	352	-3
Scottish Power†	3,800	357	+6
Sears	7,600	79½	-1½
Securicor	5,200	331½	+14
Sedgwick	1,800	129	+½
Severn Trent†	292	692½	-7
Shell Transport†	3,200	1074	-8½
Siebe†	1,400	874½	+7
Slough Ests	193	278	+2½
Smith (W.H.)	251	465	-6
Smith & Nephew†	2,200	191	-1½
SmKl Beecham†	5,100	845	+4
Smiths Inds.†	1,400	784½	+2½
Southern Elect	374	744½	-4
South West Water	170	695	+1
Stagecoach	22	697½	
Standard Chartd.†	3,200	809	+4
Storehouse	1,300	260½	-4
T&N	292	150½	+1
TI Group†	943	521	-½
Tarmac	1,000	99	+½
Tate & Lyle†	1,000	455½	+5
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FTSE 100 index constituent. Source: Extel, part of FT Information.

LEGAL NOTICES

ENGLISH & AMERICAN INSURANCE COMPANY LIMITED

English & American Insurance Company Limited (the "Company") is subject to a scheme of arrangement dated 28 October 1994, which became effective on 8 February 1995 (the "Scheme").

Notice is hereby given that meetings of Scheme Creditors have been convened by the Scheme Administrators in accordance with section 8.1 of the Scheme for the purposes of receiving a report (the "Report") on the conduct of the affairs of the Company and the operation of the Scheme since 8 February 1995.

The meetings of Scheme Creditors of the Company will be held as follows:

Date:	Thursday 20 March 1997	Wednesday 2 April 1997
Time:	10:30 am	10:00 am
Place:	Winter Garden Room, Rihga Royal Hotel, 151 West 54th Street (between 7th and 6th Avenues), New York, NEW YORK 10019, USA	The Great Hall, Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY, UNITED KINGDOM

Each Scheme Creditor will be required to complete a registration form to register his/her attendance at the meeting prior to its commencement. Anyone who believes that he/she may be entitled to attend the meetings may obtain a copy of the registration form and the Report without charge from the Scheme Administrators at the address given below.

DATED: 21 February 1997

A J McMahon
Scheme Administrator

KPMG
P O Box 730
20 Farringdon Street
London
EC4A 4PP
UNITED KINGDOM

IN THE MATTER OF MEGAPLUS LIMITED and IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 20th day of March 1997 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Dinos N Papadopoulos, FCA of Julia House, 3 Th Dervis Street, PO Box 1612, CY-1591 Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the *benefit of any distribution made before such* debts are proved.

Dated this 21st day of February 1997

Dinos N Papadopoulos
Liquidator

IN THE MATTER OF WISECON LIMITED and IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 20th day of March 1997 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Dinos N Papadopoulos, FCA of Julia House, 3 Th Dervis Street, PO Box 1612, CY-1591 Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the *benefit of any distribution made before such* debts are proved.

Dated this 21st day of February 1997

Dinos N Papadopoulos
Liquidator

IN THE MATTER OF ZIRLITE HOLDINGS LIMITED and IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 20th day of March 1997 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Dinos N Papadopoulos, FCA of Julia House, 3 Th Dervis Street, PO Box 1612, CY-1591 Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 21st day of February 1997

Dinos N Papadopoulos
Liquidator

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 20 / Sch)

BELGIUM/LUXEMBOURG (Feb 20 / Frs.)

CZECH REP (Feb 20 / Koruna)

DENMARK (Feb 20 / Kr)

FINLAND (Feb 20 / Mkk)

FRANCE (Feb 20 / Frs.)

GERMANY (Feb 20 / Dm.)

GREECE (Feb 20 / Drachma)

ITALY (Feb 20 / Lira)

NETHERLANDS (Feb 20 / Fls.)

NORWAY (Feb 20 / Kroner)

POLAND (Feb 20 / Zloty)

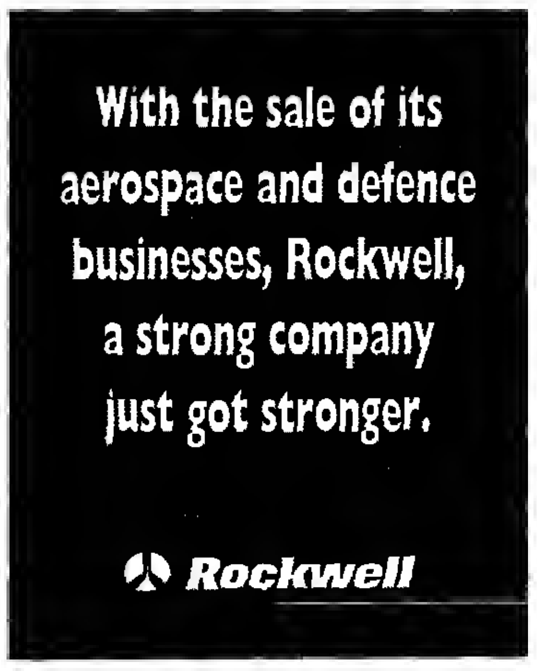
PORTUGAL (Feb 20 / Escudo)

SPAIN (Feb 20 / Pts.)

SWEDEN (Feb 20 / Kronor)

SWITZERLAND (Feb 20 / Frs.)

TURKEY (Feb 20 / Tk Lira)



PACIFIC

JAPAN (Feb 20 / Yen)

HONG KONG (Feb 20 / H.K.$)

INDONESIA (Feb 20 / Rupiah)

MALAYSIA (Feb 20 / MYR)

NEW ZEALAND (Feb 20 / NZ $)

SINGAPORE (Feb 20 / S$)

AUSTRALIA (Feb 20 / Aust$)

SOUTH KOREA (Feb 20 / Won)

TAIWAN (Feb 20 / TW $)

THAILAND (Feb 20 / Baht)

AFRICA

SOUTH AFRICA (Feb 20 / Rand)

NORTH AMERICA

CANADA

TORONTO (Feb 20 / Can $) 4 pm close

MONTREAL (Feb 20 / Can $) 4 pm close

INDICES

	Feb 20	Feb 19	Feb 18	1996/97 High		Low	
Hang Seng(31/7/64)	13411.33	13106.32	13102.94	[illegible]	[illegible]	[illegible]	[illegible]
India							
BSE Sens.(1979)	3494.40	3528.44	3530.23	4069.26	18/6/96	2745.08	4/12/96
Indonesia							
Jakarta Comp.(10/8/82)	698.66	694.66	695.21	707.36	13/2/97	512.48	2/1/96
Ireland							
ISEQ Overall(4/1/88)	3012.37	3021.74	3008.28	3021.74	19/2/97	2234.61	2/1/96
Italy							
Banca Comm Ital(1972)	768.26	764.0	772.60	797.71	10/2/97	672.21	27/3/96
MIB General(2/1/97)	1155.0	1147.0	1160.0	1197.00	10/2/97	991.00	2/1/97
Japan							
Nikkei 225(16/5/49)	19051.71	18699.12	18470.75	22666.80	26/6/96	17303.70	10/1/97
Nikkei 300(1/10/82)	270.93	264.85	265.14	319.76	26/6/96	251.04	27/1/97
Weighted Pr.**(30/6/66)	7678.04	7656.85	7642.03	7687.19	17/2/97	4690.22	6/2/96
Thailand							
Bangkok SET(30/4/75)	747.70	731.74	700.15	1415.04	6/2/96	698.06	13/2/97
Turkey							
IMKB Nat 100(1986)	1642.00	1614.00	1596.00	1709.00	27/1/97	388.00	2/1/96
WORLD							
MS Capital Int(1/1/70)	847.7*	844.6	846.1	847.70	20/2/97	725.90	15/1/96
CROSS-BORDER							
Eurotrack 100(26/10/90)	2148.05	2160.24†	2172.87	2172.87	18/2/97	1504.40	11/1/96
Euro Top-100(26/6/90)	1818.71	1826.17	1824.40	1826.48	17/2/97	1333.81	11/1/96
HSBC JC Dogs(31/12/88)	(u)	419.16	417.56	429.46	20/1/97	344.19	2/1/96
ING Bngs Emrg(7/1/92)	179.21	179.16	178.15	179.18	19/2/97	147.35	2/1/96

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40 (200 x index)							
Feb	2574.0	2582.0	-17.0	2590.0	2568.0	16,395	24,961
Mar	2580.5	2589.0	-18.5	2596.0	2575.5	1,802	23,794
■ DAX							
Mar	3196.0	3205.0	-3.0	3208.0	3180.5	31,571	-
Jun	3206.0	3220.0	-4.0	3219.5	3197.5	295	-
■ OMX							
Feb	2091.75	2086.00	-16.00	2100.00	2077.00	5,713	17,110
Mar	2097.00	2090.25	-16.75	2105.25	2084.00	2,397	11,518
■ SOFFEX							
Feb	4515.0	4529.0	+3.0	4546.0	4498.0	7,121	14,220
Mar	4522.0	4535.0	+3.0	4551.0	4504.0	5,597	18,950

** Sat Feb 15: Taiwan Weighted Price 7598.93; Korea Comp Ex 722.32. Base values of all indices are 100 except Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Standard & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 20 - 3197.09 -11.95 † Correction. * Calculated at 15.00 GMT. ● Excluding bo[illegible] ♠ The DJ Ind. index theoretical day's highs and lows are [illegible] stocks whereas the actual day's highs and lows represent [illegible] figures in brackets are previous day's. ¥ Subject to offic[illegible]

US INDICES

Dow Jones	Feb 19	Feb 18	Feb 14	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Industrials	7020.13	7067.46	6988.96	7067.46 (18/2/97)	5032.94 (10/1/96)	7067.46 (18/2/97)	41.22 (8/7/32)
Home Bonds	103.62	103.52	103.50	106.09 (14/2/96)	100.99 (15/7/96)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2348.76	2355.38	2359.55	2363.24 (13/2/97)	1882.71 (10/1/96)	2363.24 (13/2/97)	13.23 (8/7/32)
Utilities	230.85	231.76	232.04	240.85 (22/1/97)	204.86 (30/7/96)	256.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 7112.87 (7084.39) Low 6980.87 (6946.62) (Theoretical♠)
Day's high 7073.62 (7067.46) Low 7011.26 (6977.80) (Actual♠)

Standard and Poors	Feb 19	Feb 18	Feb 14	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Composite‡	812.46	816.29	808.48	816.29 (18/2/97)	598.40 (10/1/96)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials¥	946.74	950.96	942.22	950.96 (18/2/97)	702.07 (15/1/96)	950.96 (18/2/97)	3.52 (30/6/32)
Financial	95.80	96.31	94.99	96.31 (18/2/97)	58.67 (10/1/96)	96.31 (18/2/97)	7.13 (4/9/74)
NYSE Comp.	425.57	427.07	423.48	427.07 (18/2/97)	321.41 (10/1/96)	427.07 (18/2/97)	4.64 (25/4/42)
Amex Comp.	589.15	598.10	594.15	617.61 (22/5/96)	524.30 (16/7/96)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Cmp	1365.58	1365.79	1367.19	1388.06 (22/1/97)	988.57 (15/1/96)	1388.06 (22/1/97)	54.87 (3/10/74)

■ RATIOS

	Feb 14	Feb 7	Jan 31	Year ago
Dow Jones Ind. Div. Yield	1.92	1.95	1.96	2.18
	Feb 19	Feb 12	Feb 5	Year ago
S & P Ind. Div. yield	1.72	1.73	1.78	1.88
S & P Ind. P/E ratio	22.84	24.83	24.09	19.90

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Hewlett Pkd	12,494,100	56⅞	+7¼
Fluor	6,762,300	61¾	-13¼
Centennial	6,597,400	2	-⅛
Analog Devs	6,423,300	23¾	-¼
Micron Tech	5,775,600	34⅞	-⅜
Grt West Fn	5,571,000	45	+⅛
AT & T	4,806,100	40⅜	-⅛
Medtronic	4,219,600	68	-3¾
Tel de Mex	4,103,900	40¾	+¾
Ahmanson	3,796,100	42⅞	-2

■ TRADING ACTIVITY

● Volume (million)

	Feb 19	Feb 18	Feb 14
New York SE	513.595	497.070	480.139
Amex	18.680	20.228	17.839
NASDAQ	630.216	577.849	600.956
NYSE			
Issues Traded	3,354	3,340	3,341
Rises	1,272	1,516	1,338
Falls	1,293	1,042	1,195
Unchanged	789	782	808
New Highs	270	285	296
New Lows	31	20	14

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Mar	817.85	809.90	-4.40	812.50	809.90	71,842	184,980
Jun	820.00	817.50	-4.40	820.00	817.50	1,148	12,826

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
■ Nikkei 225							
Mar	18850.0	19070.0	+420.0	19110.0	18810.0	33,381	217,001
Jun	18800.0	19050.0	+450.0	19070.0	18780.0	11,340	65,929

Open interest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, February 20, 1997

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Tobu Railway	12.9m	514	+9	Keisei Ele Ry	9.1m	718	+28
Fuji Heavy Inds	12.5m	575	+14	Fuji Bank	8.7m	1370	+90
Nippon Steel Cp	12.1m	340	+10	Hitachi	8.4m	1130	
Sakura Bank	11.1m	750	+54	Toyota Motor	7.9m	3340	+50
Shiseido	10.1m	1390	-10	Bk Tk-Mitsubishi	7.4m	1950	+100

[illegible] exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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4 pm close February 20

NEW YORK STOCK EXCHANGE PRICES

1996/97 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	24⅞	AAR x	0.48	1.8	22	307	26⅝	26⅛	26⅛	-⅛
48⅛	33	AMP x	1.04	2.6	29	2913	39½	38⅞	39¼	+⅛
97½	00	AMR			8	4437	83	81	81¾	-½
50½	28¼	ASA	1.20	3.2	24	1657	37¼	35⅝	37¼	+1½
60⅛	38⅛	AbbtL	0.96	1.7	24	0194	58⅞	57⅛	58	-⅞
17½	12¼	AbitibiPr	0.40	2.4	0	2532	17⅛	16⅞	16⅞	-¼
20¼	13½	ABM Ind	0.40	2.1	17	62	10⅛	16⅜	10⅞	-⅛
22½	13⅞	Acptncdn			10	292	21⅛	20¾	20¾	-¼
62⅝	37½	ACE Ltd	0.72	1.1	10	3161	u64	81⅛	63⅜	+1⅛
10⅛	9⅛	ACM Gvt In 4	0.90	0.8	11	283	u10½	10¼	10½	+⅛
7⅞	6⅝	ACM GvOpp x	0.63	8.4		120	7⅝	7½	7½	
9⅞	8⅞	ACM Man x	0.90	9.4		450	u9⅞	9⅝	9⅝	-¼
12⅞	8⅛	Acme Elect				108	7	8¾	6⅞	-¼
21⅛	73⅛	Acme Mills			72	54	16¾	16⅝	16⅝	
28⅛	27¼	Acordia x	0.60	2.6	15	204	30¾	30¼	30¼	-⅛
20¾	12	Acxiom				1161	29¼	27⅞	28½	-1
21⅛	17⅞	Adams Expr x	0.55	2.7	1	320	20⅞	20¾	20⅛	-¼
36¼	10¼	AdvMic				19923	u36¾	35½	35⅞	+⅞
15	8½	Advest Grp			10	410	u15	14⅛	14¼	-¾
26⅛	9⅛	Advo Inc			30	20	13¼	13⅛	13⅛	-⅛
68¼	41⅛	Aegon	1.10	1.0	19	66	65⅝	65⅜	65½	-½
6¾	3½	Aerfix				111	4¼	4¼	4⅛	-⅛
67⅝	40⅜	AES Corp				20	67⅝	67⅜	67⅝	+⅛
88	57⅝	Aetna	0.80	0.9	62	4344	85⅛	84¾	84⅞	-7

1996/97 High	Low	Stock
16½	12⅛	BdtndProp
74⅞	55⅛	BalMil
24	15	Ball In
47⅝	35¼	BalSth
41¾	31	Balo A 4
41⅞	25⅝	Bamla x
67⅛	58	Banel 4.3P
72¼	43⅝	Banel
27¾	28⅛	Benetton A
⅞	⅛	Benguet B
33	24⅛	BergBr x
38000	29800	BerkHA
1250	990	BerkHB
15⅞	8¼	Berry Petr
26¼	7⅞	Best Buy
28⅛	24½	Bethl St 2. x
54¾	48⅛	Bethlem Pf x
15⅞	7⅞	BethSt
84⅞	40⅛	Blzbm
15	9¼	BevEnt
41⅛	26	BG ADR
20⅞	15¼	Bindley W
22	14½	Birmingm S
44¼	39	BlDeck
28¾	22¾	Block H PL x

Continued on next page

4 pm close February 20

NYSE PRICES

Continued from previous page

1996/97 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
20⅞	12	SciAtl	0.06	0.3	66	7441	18⅝	17¾	17⅞	-⅛
28	17	Scotsmn	0.10	0.4	14	118	u28	27½	27½	-½
18⅛	12½	ScuddrNAsF	0.02	0.1		415	13⅝	13½	13½	-⅛
15⅞	11	ScuddrNEuF	0.06	0.4		446	15¼	15	15⅛	-⅛
20¾	14¾	SeaCntA x	0.77	4.4	25	197	17⅞	17⅝	17⅝	-⅛
18⅜	15	SeaC1.4625	1.46	9.4		5	15½	15½	15½	
58¼	18	S'gate			44	17306	54¼	52⅛	52⅞	-1⅞
42¾	30⅞	Seagrm	0.66	1.6		4045	41	40⅝	40¾	-⅛
28	17⅛	Seagull En			33	5702	28	19⅛	19⅝	-⅛
44½	28	Sealed Air			25	1371	42⅛	41¾	41⅞	-⅛
54⅞	39¼	SearsR	0.92	1.7	17	15281	54⅝	53¼	53⅝	-½
25	17	SoCpSBnk x	1.30	5.7	15	1098	23⅜	22½	22⅝	-⅜
15	11⅞	Seligm Sel x	0.84	0.7		87	12⅝	12½	12⅝	-⅛
23¼	13⅝	Sensormat x	0.22	1.3		4605	17½	17⅛	17⅜	
48½	29½	SequaA	0.80	1.6	42	97	40⅛	39⅞	40	
53⅝	39	SequaB	0.80	1.0	30	z0	48⅞	48⅜	48⅜	
21¾	18½	ServCp	0.30	1.0	28	2486	29⅜	28⅞	29	-⅛
28⅞	19½	Shklee	0.66	2.8	15	5382	25⅞	25⅝	25¾	+⅛
6½	3¼	ShdMerch			6	682	3⅞	43⅛	3⅞	
80⅞	28½	SGSThm			15	984	69⅛	67⅝	67¾	-1⅞
15⅝	10⅝	Shaw Ind x	0.30	2.3	72	2859	13¼	12⅞	13	-⅛
16⅞	10⅛	Shelby Wll	0.32	2.0	18	78	u16⅞	16¼	16¼	-½
107½	78⅝	ShellTr	3.00	2.9	22	69	104⅝	103¼	103¾	-1¾
59¼	39	SherWil	0.80	1.4	31	1322	58⅛	57⅛	57¾	+⅛
13⅞	6⅞	Shoneys			13	544	3	7¾	3	+¼

1996/97 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
25¾	5⅞	ZnthB				486	10¾	10⅝	10¾	+⅛
28⅞	21⅜	Zenith Nat	1.00	3.8	12	47	27	26⅝	26⅝	-½
7⅞	6½	Zenix Inc	0.73	9.9		240	u7⅜	7¼	7⅜	
23¾	15⅛	Zero x	0.12	0.5	18	58	23⅝	23⅛	23⅛	-⅛
29	18½	Zurn Ind	0.40	1.6	15	348	25⅛	24½	25⅛	+⅝
11⅜	10½	ZweigFd	1.15	10.0		20	11¼	11¼	11¼	
8	8	Zweig Tot x	0.84	9.9		549	8½	8⅛	8½	

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 7 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.
d-new yearly low. P/E price-earnings ratio. [illegible] u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

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NASDAQ NATIONAL MARKET

4 pm close February 20

AMEX PRICES

4 pm close February 20

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
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Artwork Systems	US$10.875	+0.125	27820	11.375	9.375	Mercer Internml.	US$10.5		0	11.375	10.375
Dr Solomon's ADS	US$25.875	-0.25	0	26.125	16.625	Pilotech	US$6.125	+0.375	1000	6.25	4.75

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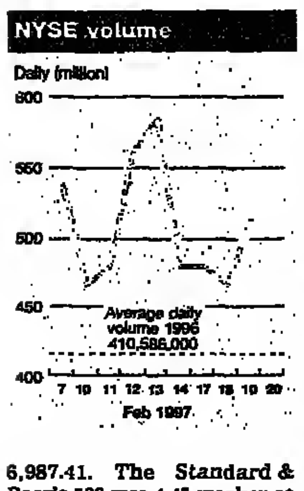
US shares continue to backtrack

AMERICAS

US shares gave up some gains in early trade as investors took profits after propelling stocks higher in recent sessions, *writes Lisa Bransten in New York.*

At 1 pm, the Dow Jones Industrial Average had fallen below the 7,000 level with a loss of 32.72 at

NYSE volume



6,987.41. The Standard & Poor's 500 was 4.45 weaker at 808.04. NYSE volume came to 362m shares.

There was also weakness among tech stocks where the Nasdaq composite, which is weighted toward the sector, gave up 9.44 at 1,356.14, and the Pacific Stock Exchange *technology index* lost 0.9 per cent.

Bonds exerted some pressure on shares as a smaller than expected number of claims for unemployment benefits led to worries about tightness in the labour market and sent Treasury prices lower in early trade.

Among individual shares, Cyrix, a semiconductor maker, leapt $4⅝, or 17 per cent, to 29\frac{13}{16}$ on news that it would supply the chips for Compaq Computer's new PC, which will retail for $999. Shares in Compaq, which unveiled the $999 computer yesterday, slipped $1¼ at $94¼.

All three of the Nasdaq's largest companies lost ground. Intel slipped $2⅝ at $151¼, Microsoft fell $1⅜ at $96¼ and Cisco Systems shed $1¼ at $63¾.

American International Group, *the largest US* insurer, slipped $1⅛ to $124½ in spite of reporting fourth-*quarter earnings* that were stronger than the mean estimate from analysts. Net income at AIG was $1.64 per share, 6 cents ahead of expectations.

JC Penney, the US retailer, added $⅛ at $48¾ after reporting fourth-quarter operating earnings of $1.20 per share, exactly in line with estimates.

CompuServe, the troubled online service provider, gained $⅜, or 4 per cent, at $10⅞ after reporting a third-quarter loss that was a cent smaller than expectations at 15 cents per share.

Borland International, the software company, added $¾, or 12 per cent, at $6⅞ after announcing a restructuring programme that will reduce employees by about 300 people or 30 per cent.

TORONTO made a slow start, tracking Wall Street and drifting lower. At noon, the TSE-300 composite index was off 11.58 at 6,237.28.

Brokers said activity was relatively light. "There are a number of bright features, but the bulk of the market is barely moving. Everybody is watching the US," said one dealer.

The morning's brighter spots took in Hudson's Bay, the big retailer. The shares jumped C$1.50 to C$27 in good two-way trade. Bre-X *Minerals, the group* with a 45 per cent stake in the huge Busang gold deposit in Indonesia, rose 85 cents to C$23.35.

A takeover bid from Volvo, the Swedish motor giant, pushed Champion Road Machinery sharply higher. The shares had put on C$4.10 *to C$14.60* by the *middle* of the session.

Mexico takes profits

MEXICO CITY moved lower as a slow start on Wall Street took the shine off the investor euphoria built up on Wednesday by stronger than expected GDP growth. "Volume is low and trading is mixed," said one broker.

At midsession, the IPC index was off 4.68 at 3,870.36, a slight recovery from the losses shown at the opening bell.

The IPC had jumped almost 1 per cent on the previous day. Dealers said that some heavyweight stocks were *steady* on *earnings* expectations, but that the bulk of the market had suffered profit-taking.

Tribasa, the big construction group, headed the leaders' list, rising 50 centavos to *25.30 pesos. But Cemex*, the cement leader, fell 40 centavos to 34.30 pesos while Grupo Mexico, the mining giant, came off 70 centavos to 26.30 pesos.

SANTIAGO opened weakly after Endesa, the power giant, fell steeply following reports that the World Bank had questioned the company's environmental obligations. Endesa fell 1.6 per cent to *247 pesos*. At *midsession*, the IPSA index was down 0.42 at 115.00.

S Africa slips on softer bullion

A softer bullion price overshadowed trading in Johannesburg and at the close of the session the all-share index was showing a decline of 5.1 to 7,102.6.

Industrials showed resilience with the index up 22.5 to 8,391.7. But broad sentiment was held in check as a downward dip for bullion left golds off 10.7 at 1,470.9.

Dealers said that turnover had been moderate with *good two-way trade* for long periods during the day. South African Breweries shed R1 to R139 and Anglo American came off 50 cents to R274.50.

Among golds, there was steady selling of Vaal Reefs. Up R9 on Wednesday, the stock fell R1.25 to R338.75.

Frankfurt slides for third successive day

EUROPE

Parallel declines in the dollar, US treasuries and in the Dow pushed several bourses into consolidation. FRANKFURT slid for a third successive day as the Dax index closed 11.95 lower at an *Ibis-indicated 3,197.09.*

Turnover fell from DM13.5bn to DM11.3bn. Germany *was also* unsettled *by* a growth rate in M3 money supply of an annualised 11.7 per cent in *January, against* a 1997 target range of 3.5 to 6.5 per cent and compared with 8.6 *per cent for the* fourth quarter of 1996.

Among the big blue chips, Volkswagen recovered DM7 to DM802 on the end of the Spanish truckers' strike, but Hoechst fell DM1.50, or 2 per cent, to DM72.30 after a Dresdner Kleinwort Benson downgrade from "buy" to "strong hold", on the view that the chemical group would no longer outperform the market.

Among mid-caps, the once fancied optical retailer Fielmann accelerated its long decline with a drop of DM10.31, or 19.7 per cent, to DM42. Goldman Sachs said that it had cut the stock from "market performer" to "market underperformer".

PARIS *traded narrowly* in dull volume and the CAC 40 index ended off 19.52 at 2,575.24. Brokers said investors had retreated to the sidelines in an "atmosphere of uncertainty" generated by *Wall Street's overnight* decline and uncertain start yesterday.

Renault rode out a further round of broker downgrades plus more negative French press comment. But there was little real action with barely 350,000 shares changing hands.

The stock, which stood close to FFr160 last year, ended FFr2.30 better at FFr123.50. Accor also improved. Société Générale upgraded its earnings estimates for the hotels leader and the shares added FFr7 to FFr775.

Thomson-CSF continued to harden, rising FFr2 to FFr180. Lagardère and Alcatel Alsthom, the two groups seen as the strongest contenders to pick up the state's 58 per cent stake in CSF, moved in opposite directions. Alcatel gained FFr2 to FFr587 and Lagardère shed FFr2 to FFr160.50.

Casino shot forward late in the day following a strong rumour of an imminent takeover *bid from Promodes*, a rival retailer. Casino jumped FFr162, or 6.5 per cent, to FFr264. *Crédit Lyonnais'* non-voters rose FFr11.80, or 6.3 per cent, to FFr198.40 following an upgrade from Dupont-Denant.

The broad market succumbed to profit-taking. Buoygues shed FFr17.00 to FFr541 and Pinault-Printemps FFr70.00 to FFr2,339. Total made heavy weather of an upgrade by Lehman Brothers, dipping FFr2.60 to FFr455.5.

AMSTERDAM eased back as the takeover flurry in publishing appeared to run out of momentum, and as position taking became more guarded ahead of today's options expiries.

VNU jumped Fl 1.20 to Fl 40.30 to make up for *Wednesday's sluggish performance*, but Wolters Kluwer and Elsevier fell back as talk of imminent corporate activity involving one or both companies faded. Elsevier lost 40 cents to Fl 30.50 and Kluwer Fl 6.40 to *Fl 243.50.*

ABN-Amro added Fl 1.80 to Fl 137.40 KLM byFl 1.70, or 3.1 per cent, to *Fl 56.10. Dealers* put both movements down to technical pressures *associated with the options* market.

Ahead of next week's *results statements*, Akzo Nobel and DSM were weak. The former lost Fl 3.70 to *Fl 278.80 and DSM came off* 70 cents to Fl 182.50. At the close, the AEX was 4.52 *lower at* 733.71.

ZURICH, volatile throughout the day on derivatives transactions, eventually escaped the downswing with the SMI index 5.3 higher at a peak of 4,530.8.

The bourse was rescued by strength in pharmaceuticals, and service companies.

Novartis registered extended Wednesday's upswing with a gain of SFr14 at *SFr1,791. Surveillance* put on SFr80 at SFr3,340 on the longer term uptrend in the dollar and Addeco soared SFr29, or 6.8 per cent, to SFr454, the temporary employment company said that 1996 group sales were up 9 per cent, incorporating a near 21 per cent gain in the *final quarter of the year.*

STOCKHOLM sold Astra, the A shares dropping SKr7 to SKr351.50 after commentators noted that patents on its Losec anti-ulcer treatment begin to expire in four years' time. The Stockholm general index fell 24.4 to 2,638.38, banks losing only 0.7 per cent after this week's restructuring surge.

COPENHAGEN's KFX index peaked again, 0.41 higher at 159.12. Den Danske Bank produced lower profits, *as expected, but the shares* rose another DKr9 to DFKr626, analysts saying that a 10 per cent pre-tax drop was better than they had expected.

Fever in financials moved to HELSINKI and to the insurance sector where the sub-index leapt by nearly 6 *per cent* on *continued* expectations of more restructuring in this area.

Among insurers, Sampo climbed FM30 to FM480 and Pohjola put on FM8 at FM153. The Hex index peaked 42.67 higher at 2,903.18, helped on its way by a rise of FM7 to FM312 in Nokia A after overnight strength in US tech stocks.

LISBON paid the price for confusing its corporate policy signals. The ship repairer Lisnave, which had soared on the prospect of restructuring, announced a swingeing capital reduction and the shares fell Esc234, or 33.4 per cent, to Esc466 as the BVL 30 index eased just 6.23 to 2,614.13.

MADRID tracked other bourses lower as the general index shed 4.14 to 475.28. Telefónica, with its privatisation out of the way, dropped Pta45 to Pta3,320 on unconfirmed stories that the Spanish government was about to approve telephone rate cuts.

MILAN moved higher on what dealers described as a *technical rebound*. The Mibtel real-time index closed up 197 at 12,357. News of a Venezuelan deal lifted BCI L144 to L5,750. Hopes of a return to the Mibtel index in next month's components update sent Compart, the financial holding company, scudding ahead by L58.40 to L880.

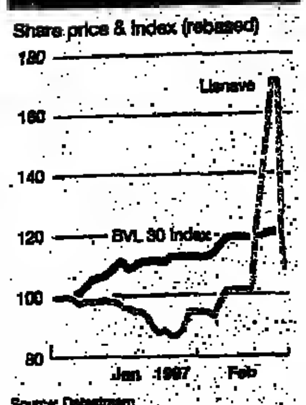
Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

Feb 20	THE EUROPEAN SERIES							
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2151.01	2152.83	2151.50	2152.12	2150.64	2148.68	2147.23	2148.05
FTSE Eurotrack 200	2188.95	2191.14	2187.89	2188.61	2187.60	2185.94	2184.57	2184.38
	Feb 19	Feb 18	Feb 17	Feb 14	Feb 13			
FTSE Eurotrack 100	2160.24	2172.87	2165.29	2158.87	2158.38			
FTSE Eurotrack 200	2197.11	2198.41	2190.85	2191.24	2183.79			

Base value 1000 (26/10/90); Highday: 100 - 2153.28; 200 - 2191.58 Lowday: 100 - 2146.83 200 - 2181.72. † Partial.

Lisnave



Hong Kong bounces following Deng's death

ASIA PACIFIC

The death of the Chinese leader sparked furious futures trading in HONG KONG and the cash market moved sharply higher. The Hang Seng index jumped 305.01, or 2.3 per cent, to 13,411.33, in turnover of HK$11.4bn.

Brokers said it was a case of "sell the rumour and buy the news" as traders rushed to cover short positions taken when rumours of Deng Xiaoping's declining health emerged. The Hang Seng future, which has traded at a discount over the *last few days, finished* at an 80-point premium.

Red-chips moved ahead strongly with the China Enterprises index up 11.40 at 942.05.

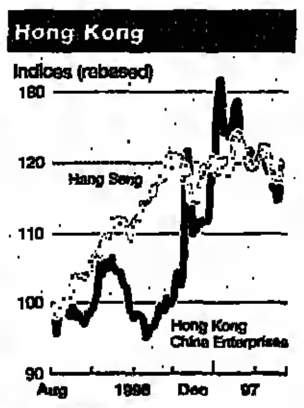
Among leading stocks, Swire rose HK$2.50 to HK$67.25 and Citic Pacific gained HK$1.20 to HK$39.00 on 12.3m shares traded. HSBC advanced HK$3.50 to HK$188.50. Properties were equally firm. Henderson Land gained HK$3.00 to HK$70.50 and Sun Hung Kai HK$2.75 to HK$91.00.

China's two main stock markets had a see-saw session. In SHANGHAI there were steep falls at the opening with nearly all stocks starting the day 10 per cent *limit* down, but *sentiment* steadied by late morning, and at the close a number of solid gains were showing.

Shanghai's hard currency B share index ended off 0.7 per cent at 64.675, but in SHENZHEN the B shares index gained 1.26 per cent to 143.53.

Dealers said there was widespread bargain hunting after the early setback, but that the political uncertainty had not entirely disappeared. "Investors are watching events in Beijing. There could be a bumpy ride over the next few days," said one broker.

Hong Kong



TOKYO gained 2.4 per cent on a *report that the Japanese* government was considering using public money to buy land held as collateral for bad loans, *writes Jonathan Annells.*

The Nikkei 225 average rose 452.59 to 19,051.71 after moving between an opening low of 18,686.86 and 19,101.22. *It was the first time since* January 6 that the benchmark index had closed above 19,000.

Banking, property, and construction shares led the charge on improved prospects for resolving the bad debt crisis. Most of the gains came in the morning session, when volume increased by 60 per cent.

Domestic institutions *placed large buy orders after* the Nihon Keizai Shimbun reported that the plan by central and local governments to acquire collateralised properties could generate up to Y4,000bn in fiscal 1997 for the bodies attempting to dispose of the bad debts of the jusen mortgage loan companies and other financial institutions.

News of the death of China's paramount leader Deng Xiaoping had virtually no impact on the market.

Volume swelled by 37 per cent, from 447m shares to an estimated 813m. Advances overwhelmed declines by 1,026 to 150 with 77 unchanged. The Topix index of all first-section stocks rose 31.42 to 1,411.66 and the capital-weighted Nikkei 300 by 6.08 to 270.93.

In London, the ISE/Nikkei 50 index rose 3.80 to 1,453.77.

Banks accounted for 40 per cent of the Topix gains, surging by 5.3 per cent on the day. Up to Wednesday's close, the sector had fallen by 18.8 per cent this year. Properties advanced by 5.8 per cent and the construction sector by 3.3 per cent.

Dai-Ichi Kangyo Bank jumped Y100 to Y1,350, Fuji Bank Y90 to Y1,370, and Sakura *Bank* Y54 to Y750. Japan's largest real estate developer Mitsui Fudosan shrugged off press reports that it will go into the red for the first time since its listing in 1949, to end Y60 higher at Y1,300. Mitsubishi Estate climbed Y80 to Y1,390.

The general contractor Obayashi finished Y41 higher at Y706, and Kajima gained Y29 at Y685. Sony *rose* Y60 to Y8,890, and TDK Y130 to Y8,300, while Toyota closed at Y3,340, up Y50, and Honda at Y3,730, Y80 higher.

Precision instrument makers, the market's best performers so far this year along with the electrical sector, fell back on profit-taking. Nikon ended Y90 lower at Y1,710, and Hoya down Y20 at Y5,250.

In Osaka, the OSE average *rose* 367.66 to 19,761.85 in volume of 119.9m shares.

BANGKOK continued to rally in heavy volume. The SET index gained 15.96, or 2.2 *per cent*, to 747.70 for a two-day advance of almost 7 per cent. At Bt9.4bn, turnover was at its highest since mid-November.

There was *some profit-taking* late in the day with the index sliding back from a session best of 759.51, but sentiment was said to have stayed firm.

Banks were in the thick of the action. Bangkok Bank rose Bt4 to Bt175 and Siam Commercial Bank gained Bt6 *to* Bt142.

Among industrials, Siam Cement put on Bt56 to Bt724 and National Petrochemical extended its recent strong run, rising Bt2.25 to Bt26.50.

SYDNEY closed lower in uncertain trade as hopes for a cut in interest rates came off the boil. The All Ordinaries index ended off 14.7 at 2,476.3.

BHP came off 8 cents to A$17.60 and there was selling in banks, NAB losing 31 cents at A$16.64 and Westpac 6 cents to A$7.68. Commonwealth shed 22 cents to A$13.33.

News of improved six months earnings lifted Qantas 4 cents to A$2.46.

JAKARTA added 3.79 to 698.67 on the composite index, having bounced off a low for the day of 693.99.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 19 1997								TUESDAY FEBRUARY 18 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	220.16	-0.8	202.49	172.69	193.92	191.19	-0.7	3.98	221.46	205.01	173.72	194.74	192.46	224.61	188.44	196.11
Austria (24)	182.40	0.1	167.75	143.06	160.64	180.58	0.3	1.81	182.20	168.57	142.93	160.21	180.15	195.04	174.70	185.61
Belgium (26)	229.85	-0.3	211.47	180.34	202.51	198.25	-0.1	3.25	230.59	213.46	180.89	202.77	198.54	233.47	203.64	208.04
Brazil (28)	235.21	-1.7	218.31	184.48	207.15	454.69	-1.5	1.34	239.27	221.50	187.70	210.40	462.06	239.27	147.48	151.47
Canada (114)	202.78	0.3	186.48	159.04	178.58	199.11	0.2	1.85	202.17	187.15	158.58	177.77	198.64	203.24	153.61	155.59
Denmark (32)	374.29	0.7	344.22	293.55	329.63	329.05	0.7	1.33	371.83	344.21	291.69	326.96	326.65	374.29	291.30	302.82
Finland (28)	256.30	-0.6	235.71	201.02	225.72	271.53	-0.3	1.89	257.73	238.58	202.17	226.63	272.32	262.79	174.47	179.17
France (91)	217.35	-1.0	199.89	170.47	191.42	195.15	-0.7	2.53	219.46	203.15	172.16	192.98	196.59	222.06	183.87	185.88
Germany (59)	193.60	-1.3	178.04	151.84	170.50	170.50	-1.1	1.49	196.14	181.57	153.86	172.47	172.47	196.14	164.47	171.60
Hong Kong (59)	478.54	-0.1	441.00	376.10	422.32	476.89	-0.1	3.26	479.85	444.21	376.42	421.95	477.45	514.46	402.53	451.16
Indonesia (27)	244.28	-0.1	224.65	191.59	215.13	357.93	0.1	1.49	244.42	226.26	191.73	214.93	357.76	-	-	-
Ireland (16)	336.61	0.9	309.75	264.15	296.62	302.07	0.4	3.11	333.85	309.05	261.89	293.57	300.88	340.20	254.35	259.69
Italy (58)	87.62	-1.1	80.58	68.72	77.17	110.34	-0.6	1.90	88.57	81.99	69.48	77.88	111.16	96.32	70.51	72.54
Japan (480)	113.35	0.0	104.24	88.90	99.82	88.80	-0.1	0.88	113.38	104.96	88.94	99.70	88.94	164.66	109.16	154.82
Malaysia (107)	650.81	1.0	598.33	510.27	572.98	623.37	1.0	1.00	644.44	596.57	505.53	566.68	617.14	650.51	512.47	526.09
Mexico (27)	1414.18	1.1	1300.55	1109.14	1245.48	12043.39	0.8	0.91	1399.15	1295.22	1097.56	1230.32	11930.55	1414.18	1046.55	1138.15
Netherland (19)	347.06	0.1	319.17	272.20	305.65	301.30	0.3	2.50	346.75	321.00	272.01	304.61	300.51	347.06	274.35	280.44
New Zealand (14)	88.67	-0.2	81.55	69.55	78.09	68.23	-0.3	4.14	88.85	82.25	69.69	78.12	68.42	95.60	75.94	79.94
Norway (41)	320.97	1.5	295.18	251.73	282.67	293.38	1.1	1.84	316.29	292.80	248.11	278.12	290.11	320.97	234.84	238.27
Philippines (22)	205.75	-0.1	189.21	161.37	181.20	270.06	-0.1	0.64	206.04	190.74	161.63	181.18	270.47	-	-	-
Singapore (43)	440.43	-0.1	405.04	345.43	387.88	289.79	-0.1	0.95	441.04	408.26	345.97	387.82	289.93	480.80	371.28	460.80
South Africa (44)	360.93	-0.1	331.93	283.08	317.87	352.99	0.2	2.35	361.48	334.63	283.56	317.86	352.42	402.69	301.49	398.51
Spain (35)	214.22	-0.6	197.01	168.01	188.66	233.14	-0.4	2.69	215.56	199.55	169.10	189.55	234.06	228.18	161.86	172.30
Sweden (50)	434.51	0.4	399.59	340.78	382.66	479.43	0.6	1.97	432.79	400.63	339.49	380.55	478.61	434.51	313.05	315.13
Switzerland (35)	248.03	0.1	228.09	194.52	218.43	228.10	0.7	1.28	247.87	229.45	194.44	217.98	226.51	254.34	226.66	230.19
Thailand (45)	82.72	6.5	76.07	64.88	72.85	83.47	8.5	4.08	77.68	71.91	60.93	68.30	78.40	189.13	75.48	189.13
United Kingdom (211)	280.93	1.2	258.35	220.33	247.41	258.35	0.5	3.71	277.68	257.06	217.83	244.18	257.06	283.17	224.39	233.76
USA (654)	330.40	-0.3	303.85	259.13	290.98	330.40	-0.3	1.81	331.54	306.92	260.08	291.54	331.54	331.54	254.79	264.25
Americas (823)	302.50	-0.3	278.19	237.25	266.40	254.41	-0.3	1.80	303.45	280.91	238.04	266.84	255.23	303.45	233.09	241.11
Europe (725)	242.68	0.1	223.16	190.33	213.72	224.78	0.0	2.64	242.42	224.41	190.17	213.17	224.79	244.53	201.66	204.38
Nordic (151)	378.39	0.4	347.98	296.77	333.24	362.05	0.6	1.65	376.78	348.80	295.57	331.32	360.06	376.39	276.30	278.82
Pacific Basin (873)	134.80	-0.0	124.06	105.80	118.81	104.61	0.0	1.39	134.90	124.88	105.82	118.62	104.63	177.01	131.50	169.24
Euro-Pacific (1598)	179.81	0.1	165.36	141.02	158.35	150.00	0.0	2.09	179.70	166.35	140.96	158.02	149.99	181.51	176.40	183.16
North America (769)	322.67	-0.3	296.75	253.07	284.17	321.73	-0.3	1.81	323.69	299.64	253.92	284.63	322.75	323.69	248.65	257.54
Europe Ex. UK (514)	216.90	-0.5	199.47	170.11	191.02	202.03	-0.2	2.02	217.98	201.79	170.99	191.68	202.53	219.12	161.60	163.95
Pacific Ex. Japan (393)	313.75	0.1	288.54	246.07	276.31	273.41	0.1	2.71	313.47	290.19	245.91	275.65	273.23	320.65	268.97	291.61
World Ex. US (1811)	183.93	0.1	169.15	144.25	161.98	156.31	0.0	2.07	183.82	170.17	144.20	161.64	156.30	183.47	177.71	184.57
World Ex. UK (2254)	225.94	-0.3	207.79	177.21	198.99	201.15	-0.2	1.75	226.57	209.74	177.73	199.23	201.81	226.57	199.56	206.64
World Ex. Japan (1985)	290.40	-0.1	267.07	227.76	255.75	280.39	-0.2	2.13	290.86	269.24	228.15	255.75	280.89	290.85	233.10	239.19
The World Index (2465)	230.66	-0.1	212.12	180.90	203.14	206.39	-0.2	1.94	230.97	213.81	181.16	203.10	206.72	230.97	202.32	209.08

Latest prices were unavailable for this edition.